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H1 2024

ENERGY

Interim report on the first half of the year
1 January to 30 June 2024

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The figures presented in this interim financial report have been rounded in accordance with commercial practice. This may mean that, when aggregated, individual figures do not equal the totals shown.

The financial figures for the first six months of 2024 have not been audited in any limited review.

The interim financial report should be read together with the management report and the consolidated financial statements for the 2023 financial year. These include a comprehensive presentation of SFC Energy AG's business activities and explanations of the key financial figures used.

SFC ENERGY AG – COMPACT

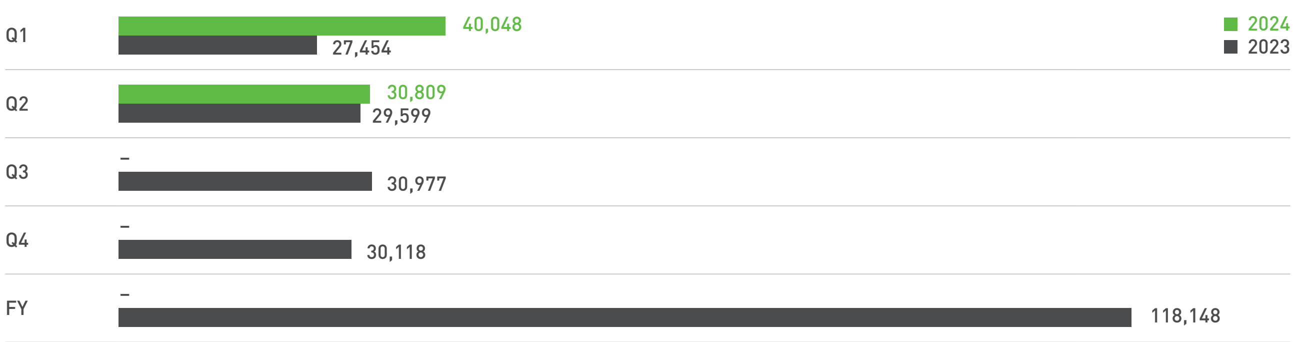
CONSOLIDATED KEY FIGURES

in EUR thousands

	2024 01/01-06/30	2023 01/01-06/30	Change	2024 04/01-06/30	2023 04/01-06/30	Change
Sales	70,856	57,053	24.2%	30,809	29,599	4.1%
Gross profit	29,542	21,876	35.0%	11,650	11,662	-0.1%
Gross margin	41.7%	38.3%		37.8%	39.4%	
EBITDA	11,215	6,788	65.2%	2,575	3,283	-21.6%
EBITDA margin	15.8%	11.9%		8.4%	11.1%	
Adjusted EBITDA	12,526	7,321	71.1%	3,529	3,975	-11.2%
Adjusted EBITDA margin	17.7%	12.8%		11.5%	13.4%	
EBIT	8,247	3,822	115.8%	1,056	1,512	-30.2%
EBIT margin	11.6%	6.7%		3.4%	5.1%	
Adjusted EBIT	9,558	4,355	119.5%	2,009	2,204	-8.8%
Adjusted EBIT margin	13.5%	7.6%		6.5%	7.4%	
Consolidated net income for the period	6,421	3,327	93.0%	1,173	1,292	-9.2%
Earnings per share, undiluted	0.37	0.19	92.5%	0.07	0.07	-8.5%
Earnings per share, diluted	0.36	0.19	97.8%	0.08	0.07	5.6%

SALES BY QUARTER

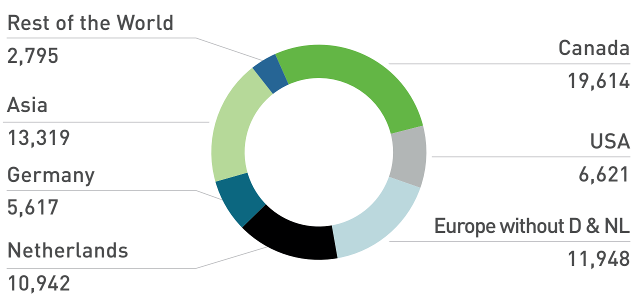
in EUR thousands



SALES BY REGION

1 JAN. - 30 JUNE 2024

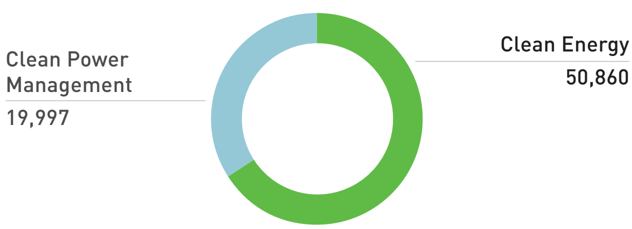
in EUR thousands



SALES BY SEGMENT

1 JAN. - 30 JUNE 2024

in EUR thousands



LETTER TO THE SHAREHOLDERS

Dear shareholders, business partners and SFC employees,

After closing 2023 and the first quarter of 2024 with record figures, we can also look back very favourably on the first half of the 2024 financial year and report further progress in implementing our growth strategy. SFC Energy AG's encouraging performance reflects a worldwide structural increase in demand for our energy supply solutions based on our environmentally friendly and efficient fuel cell technology.

In the second quarter of 2024, sales and earnings growth slowed only slightly despite high market demand following a very strong first quarter of 2024. As already stated when the results for the first quarter were announced, the main reason for this was a temporary shortfall in the availability of membrane electrode assemblies (MEAs) and, resulting from this, production constraints for fuel cells in connection with the construction of our production site in Swindon, UK.

As things currently stand, however, we assume that these capacity restrictions will be eliminated in the course of the third quarter with the ramp-up of our membrane production in Great Britain and that we will, thus, be able to substantially boost deliveries again in the second half of the year.

Group sales increased by 24.2% to EUR 70.9 million in the first half of the year (previous year: EUR 57.1 million). Strong international demand from customers, an increasingly stable supply chain situation, a favourable product mix and our deliberate focus on profitable growth all left positive traces on earnings in the first half of the year. EBITDA adjusted for special effects rose by 71.1% to EUR 12.5 million (previous year: EUR 7.3 million), leading to a significantly improved adjusted EBITDA margin of 17.7% (previous year: 12.8%). Adjusted EBIT more than doubled to EUR 9.6 million (previous year: EUR 4.4 million), causing the adjusted EBIT margin to widen to 13.5% (previous year: 7.6%). Special mention should be made of the operating cash flow before changes in working capital, which increased significantly to EUR 12.6 million over the same period of the previous year (EUR 7.3 million) thanks to the very favourable operating performance.

Returning and new customers and new output classes

Demand for our products has been very encouraging – a follow-up order totalling EUR 27.8 million was received from our largest and longest-standing customer in the Clean Power Management segment, marking the highest single contract in SFC Energy's history to date. The fact that our long-standing customers in the Clean Energy segment – such as Oneberry Technologies from Singapore or Fuel Cell Systems Ltd., UK, in June – continue to rely on SFC solutions is vindication of the path that we have selected, encouraging us to develop durable, reliable and user-friendly power production solutions for a better carbon footprint. In addition to successful follow-up orders, we were also able to acquire numerous new customers, such as Luxembourg-based ConnectCom Sarl, for our hydrogen products in the first half of the year.

We also made further progress in the first half of the year with the roll-out of new products and new output classes to cater for a larger addressable market. In April, the latest generation of our emission-free mobile hydrogen power generator H2Genset entered series production and was able to demonstrate its capabilities at the world-famous 2024 Wacken open-air music festival, among other events.

When it comes to new performance classes, there is no way around our product innovation, the EFOY H2Powerpack X50 ("EFOY Hydrogen Power Pack"). This hydrogen fuel cell solution delivers a continuous electrical output of 50 kW and can provide up to 200 kW in cluster operations with four units. With this steady expansion of our capacities, we are responding to global demand and our customers' changing needs. The EFOY H2Powerpack X50 completed its first successful pilot run at the LAUTFEUER Festival.

Focus on international expansion and capacity upscaling for further growth

Another highlight towards the end of the first half of the year was the official opening of our US subsidiary SFC Energy LLC in Orem, Utah, near Salt Lake City. The event was attended by the Governor of Utah and our long-time customer LiveView Technologies, Inc. With SFC Energy LLC, we have laid the foundations for further expansion in the United States. We are currently in the process of expanding the local sales, customer service and logistics workforce in Orem in line with the company's objectives. In the long term, this expansion will also heighten the need to explore possibilities for widening local production capacities – a step that is only becoming more urgent given the growing demand for sustainable energy solutions.

We have long since left this status behind us in Cluj – the second-largest city in Romania – and are looking forward to the official opening of this site. With this milestone set to be reached in the third quarter, our largest production facility for both segments to date will finally be officially integrated in the global SFC network and its ramp-up further accelerated.

At the same time, we are scaling up the state-of-the-art production and assembly centre in Gurgaon, India, together with our long-standing Indian partner FC TecNrgy Pvt Ltd. In Swindon, United Kingdom, where our subsidiary SFC Energy UK Ltd. is based, we are also working flat out to ramp up the production of MEAs (membrane electrode assemblies). One particular focus here is on rapidly boosting the output of membranes for our direct methanol fuel cell solutions (DMFC). In a further step, we are also planning to expand local development capacities for new membrane generations.

We have already reached many milestones in the year to date, with more to follow at a time when global events are being overshadowed by considerable uncertainty due to geopolitical conflicts or fears of recession, for example. Despite various sources of strain, we at SFC Energy remain optimistic about our business performance for the year as a whole. The successful first half of the year, an order backlog of EUR 89.0 million as of 30 June (31 December 2023: EUR 81.3 million), the planned ramp-up of MEA production in Swindon, UK, as well as the expansion of production capacities and the associated increase in deliveries have given us a solid basis for achieving our full-year forecast.

We on the Management Board are aware that, with the large number of projects proceeding simultaneously in different parts of the world, we are demanding a lot from our dedicated employees. Accordingly, we would like to express our gratitude all the more to all our employees for their extraordinary commitment and dedication during this period of growth at SFC Energy. Dear shareholders, as a profitable and leading provider of hydrogen and methanol fuel cells, we thank you for your trust in these volatile times. We invite you to continue accompanying SFC Energy on its mission to take global decarbonization to the next level.

Sincerely yours,

The Management Board

Dr Peter Podesser
Chairman of the Executive (CEO)

Daniel Saxena
Management Board (CFO)

Hans Pol
Management Board (COO)

SFC ON THE CAPITAL MARKET

Basic data on the share

SHARE INFORMATION

Bloomberg symbol	F3C
Reuters symbol	F3CG
Securities identification number	756857
ISIN	DE0007568578
Number of shares outstanding (30 June 2024)	17,363,691
Class of shares	No-par value shares
Stock-market segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated sponsor	mwb fairtrade Wertpapierhandelsbank AG

Performance of the stock market and indices

After broad-based upward movements on the international and national stock exchanges from the end of October 2023, this momentum continued in the first three months of the year and partly also in the second quarter of 2024. Falling inflation rates gave reason to hope that central banks would soon cut their key interest rates, while the robust global economy boosted the benchmark indices. The benchmark US index, the Dow Jones, was up 3.8% in the year to 28 June 2024 compared with its closing price for the previous year on 29 December 2023. Up almost 14.5%, the S&P 500 posted significantly stronger gains. The stock exchanges in Europe were also higher at the end of June 2024, with the EURO STOXX 50 rising by 8.2% and the German benchmark DAX by 8.9% to 18,235.5 points. The DAX reached an all-time high of 18,892.90 points in the first half of the year. The German SDAX stock index, which also includes SFC Energy AG, was unable to replicate this performance, advancing by only around 2.6% in the first six months of the year.

Performance of the SFC share

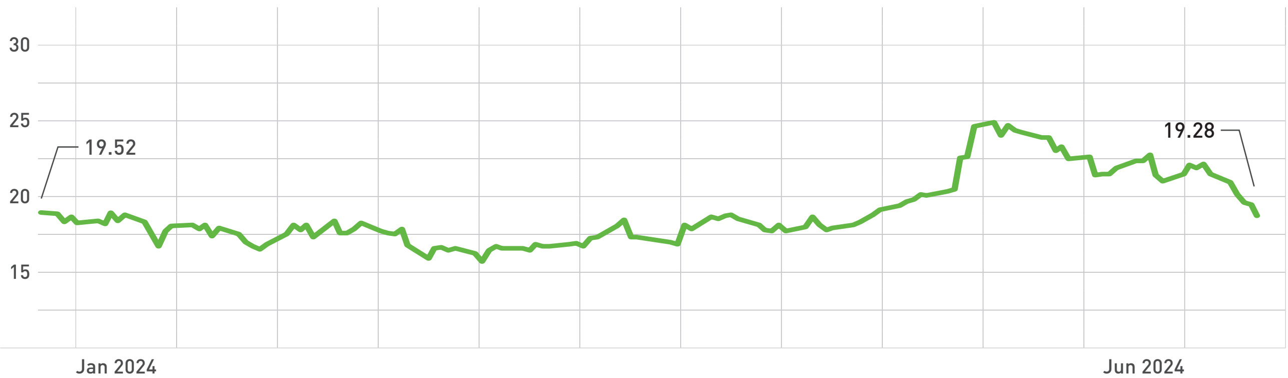
Share price development

		in EUR
Opening price	2 January 2024	19.60
High	20 May 2024	25.05
Low	6 March 2024	16.50
Closing price	28 June 2024	19.28

However, the SFC Energy share was unable to benefit to any sustained degree from the generally upbeat dynamics of the stock exchanges in the reporting period. Despite the company's good and steady news flow as well as strong business performance, it failed to shrug off the general negative sentiment afflicting the peer group of hydrogen and fuel cell shares.

The SFC Energy share entered the new year at EUR 19.60 on 2 January 2024, reaching a high for the six-month period of EUR 25.05 on 20 May following the publication of the company's strong figures for the first quarter of 2024. The share hit a low of EUR 16.50 on 6 March. On 28 June 2024, the SFC Energy share closed the first half of the year at EUR 19.28. Compared to the closing price of EUR 19.52 on 29 December 2023, it was down 1.2% and, hence, virtually unchanged. Average daily trading volumes in the first half of 2024 stood at 74,305 shares, compared with 87,922 shares in the same period of the previous year. As of 28 June 2024, SFC Energy AG had a market capitalisation of roughly EUR 334.8 million on the basis of a total of 17.36 million shares outstanding and a closing price of EUR 19.28. On the last day of trading in 2023, market capitalisation had stood at EUR 338.9 million on the same number of shares and a closing price of EUR 19.25 (all figures based on Xetra prices).

PERFORMANCE OF THE SFC SHARE (ABSOLUTE) in EUR



Investor relations activities

In the first half of 2024, the Management Board and the Investor Relations department engaged in regular, active and transparent discourse with investors at conferences and road shows as well as in telephone conferences in order to enhance their understanding of the company and to heighten trust in the sustainable success of its business model. Thematically, the focus of discussions with all stakeholders was on the company's business performance and the systematic implementation of its growth strategy.

In the course of the year, roadshows were held in the United Kingdom, Switzerland and France in conjunction with various banks. In the first half of the year, investors also had an opportunity of meeting representatives from SFC Energy at the Duxebridge Family Equity Summit (Switzerland), the Metzler Small Cap Days (Germany), the Acatis Value Conference (Germany) and the ODDO BHF Nextcap Forum (France). The SFC Management Board was also present at the 26th annual Power and Energy Conference organised by Pareto Securities (Norway) and the Warburg Renewables Conference (Germany).

The designated sponsor, mwb fairtrade Wertpapierhandelsbank AG, arranged binding bid/ask prices and ensured the appropriate liquidity and corresponding tradability of the SFC share during the reporting period.

The Investor Relations section of the SFC Energy website at sfc.com provides comprehensive information on the company's business performance, current news and an overview of future events and activities.

Analyst research

The SFC Energy AG share, which is listed in the SDAX selection index, is regularly evaluated by analysts from renowned research companies. All five analysts rate the SFC share as a buy. Based on the closing price of EUR 19.28 on 28 June 2024, they calculate upside potential of 29.7% – 76.3% for the share. Relative to the consensus target price of EUR 28.80, this translates into potential of 49.4%.

Detailed information is available to interested investors at sfc.com in the Investor Relations/Share section.

RESEARCH ASSESSMENTS in EUR

Research company	Date	Recommendation	Target price (EUR)
ABN AMRO/ODDO BHF	15 May 2024	Outperform	26.00
Berenberg	22 February 2024	Buy	25.00
First Berlin – Equity Research	17 May 2024	Buy	34.00
Metzler Capital Markets	15 May 2024	Buy	30.00
MM Warburg	16 May 2024	Buy	29.00

Shareholder structure

SFC Energy AG's shareholder structure as of 30 June 2024 has not changed significantly since 31 December 2023. As of the end of the first half of the year, 37.18% of SFC shares were held by institutional investors. The extended management including the Supervisory Board holds 1.61% of the voting rights. The proportion of SFC Energy AG shares classified as free float stood at 61.21% at the end of June 2024. Detailed information on the shareholder structure can be found in the Investor Relations/Share section at sfc.com.

INTERIM GROUP MANAGEMENT REPORT

INTERIM GROUP MANAGEMENT REPORT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024

This section of the interim financial report summarises significant developments at SFC Energy AG in the first half of 2024 ("reporting period"). A detailed description of SFC Energy AG, the Group and its segments can be found in the Annual Report for 2023.

Principles of the Group

Organisation of the SFC Group and basis of reporting

SFC Energy AG ("SFC AG") together with its subsidiaries forms an internationally active group of companies ("SFC" or "Group") in the fuel cell sector. In addition to the parent company SFC Energy AG (Germany), the Group's includes the subsidiaries listed below.

SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION in %

COMPANY	SEAT	SHARE IN CAPITAL			CURRENCY
		DIRECTLY	INDIRECTLY	TOTAL	
SFC Energy B,V, („**SFC NL**")	Almelo Netherlands	100%	–	100%	EUR
SFC Energy Power SRL („**SFC RO**")	Cluj-Napoca. Romania	-	100%	100%	RON
SFC Energy Ltd, („**SFC CA**")	Calgary Canada	100%	-	100%	CAD
SFC Energy UK Ltd, („**SFC UK**")	Swindon UK	100%	-	100%	GBP
SFC Energy India Pvt, Ltd, („**SFC IN**")	Gurgaon India	92%	-	92%	INR
SFC Clean Energy SRL („**SFC RO II**")	Cluj-Napoca Romania	100%	-	100%	RON
SFC Energy LLC („**SFC USA**")	Wilmington USA	100%	-	100%	USD

The segmentation of the Group's activities is primarily aligned to its internal organisational and reporting structure by business area. These are based on the Group's technology platforms and range of products and services. The **Clean Energy** segment comprises the products, systems and solutions for stationary and mobile off-grid energy supplies based on hydrogen (PEMFC) and direct methanol (DMFC) fuel cells. The segment addresses customers in the private, industrial and public sectors in various markets. These include equipment suppliers and system integrators for telecommunications, security and surveillance technology, remote sensing technology and defence technology, as well as for the caravanning and marine markets. The **Clean Power Management** segment pools all of the Group's business in high-tech, standardised and semi-standardised power management solutions such as voltage converters and coils, which are used in devices for the high-tech industry. The segment also includes business in frequency converters for the upstream oil and gas industry as well as other industries, some of which are integrated and some sold.

Goals and strategy

The company retained its strategic focus on expanding its position in the market for environmentally friendly stationary and mobile off-grid energy solutions in the reporting period. The aim is to establish a market-leading position as a provider of low-emission or stand-alone control and emergency power supplies for off-grid applications, including safety-critical ones, such as telecommunications equipment, security and monitoring technology and off-grid sensors with fuel cell generators. The fuel cells aim to offer low-emission and emission-free alternatives to diesel engines, which have so far been used as emergency power generators or to cover peak loads, and to supplement existing off-grid energy supply systems.

This strategy is to be implemented through organic growth as well as via acquisitions, joint ventures, equity investments and partnership agreements.

SFC believes that its strategy has been indicated by its favourable business performance in the reporting period.

Research and development

With its research and development activities, SFC continues to pursue the goal of securing and strengthening its competitive and technological position against the backdrop of the planned transformation of energy systems in numerous countries. In particular, we are focussing on the development of fuel cell systems with higher outputs and longer operating hours while reducing product costs, as well as on the digital integration of our solutions. In addition to this ongoing renewal of the range, SFC is also enhancing its existing products and solutions.

74 (previous year: 84) employees, equivalent to 17.6% (previous year: 22.4%) of the Group's workforce, were involved in the development of fuel cell technology and power supply systems and their implementation in Group products.

TOTAL EXPENDITURE ON RESEARCH AND DEVELOPMENT

in EUR thousands	2024 01/01-06/30	2023 01/01-06/30	2024 04/01-06/30	2023 04/01-06/30
Research and development expenses through profit and loss	3,383	2,834	1,763	1,642
Capitalised development expenses	1,490	1,466	736	695
Grants received	383	199	190	27
Non-recurring effects (extraordinary expenses) for LTI programmes	-59	-10	-19	-23
Total expenditure on research and development	**5,197**	**4,490**	**2,670**	**2,340**

In order to safeguard the Group's technological position and competitiveness and to reinforce market entry barriers, an active strategy is being pursued with regard to patents and other intellectual property ("IP") rights, including the active management of the existing IP portfolio and the development of new IP assets.

Overall, we expect total R&D expenses for the current financial year to be higher than in the 2023 financial year. In the reporting period, the Group's R&D activities were funded to a minor extent by government subsidies, e.g. from the "National Hydrogen and Fuel Cell Technology Organisation", and this is expected to continue in the future.

The Clean Energy segment is concentrating on topics such as next-generation fuel cell modules as well as the digitalisation and connectivity of our products. The focus during the reporting period was on:

- The further development of direct methanol fuel cells ("DMFC")
- The development and enhancement of proton-exchange membrane fuel cell systems ("PEMFC")
- The development and establishment of emergency power systems based on PEMFC fuel cells
- The development of a new PEMFC fuel cell system with integrated control and voltage conversion
- The development of PEMFC fuel cell systems for power ranges above 50 kW
- The continuous development and implementation of service-optimised functions in the cloud-based remote monitoring system for the newly launched fuel cell generations
- The further development of an intelligent fuel management system to broaden the autonomy of the new-generation products
- The development of an intelligent sensor and I/O module for integrating external sensor signals, recording the energy flow in EFOY energy solutions and connecting I/O signals
- Systematic improvements and further developments to increase the performance and reduce the costs of existing EFOY generations

Development activities in the Clean Power Management segment focussed on aspects such as increasing power density, power efficiency and the watt/euro ratio for the power management solutions on offer. The focus during the reporting period was on:

- The development of a module and system solution based on the existing energy platform to combine multiple 4 kW power supplies and create a 12 kW or 16 kW system, for example
- Technology development to increase the output of existing platforms from 4kW to 5kW
- Preparations for future changes to EMC standards
- The integration of a new energy platform in laser systems

Economic report

Macroeconomic and sector-specific conditions

Global economy: narrowing macroeconomic gap

In the first half of 2024, the global economy grew at a moderate pace, with the hitherto pronounced differences in economic momentum fading, primarily in the advanced economies. While the strong economic growth in the United States lost momentum, the European economy recovered noticeably after a period of stagnation. At the same time, production in China also picked up appreciably, although many indicators suggest that domestic consumer demand remains weak. Overall, global trade increased slightly.[1]

After subsiding in the course of 2023 in response to restrictive monetary policies, inflation rates in June 2024 in the markets relevant to SFC stood at 2.5% in the Eurozone (June 2023: 5.5%) [2], 3.0% in the United States (June 2023: 3.0%) [3], 2.7% in Canada [4] (2.8%) [5] and 5.1% in India [6] (5.6%) [7].

Business confidence in the corporate sector, which had brightened noticeably at the beginning of the year, has recently deteriorated again slightly. Nevertheless, the global economic climate indicator calculated by the Kiel Institute for the World Economy (IfW) points to a further appreciable expansion in global production in the second quarter of 2024. For the current year, the IfW is forecasting an increase of 3.2% in global production, i.e. slightly higher than last year. This corresponds to an increase of 0.4 percentage points compared to the spring forecast. [8] India is a key driver of global economic growth. The International Monetary Fund (IMF) forecasts growth of 6.8% in 2024 in India, a market that is relevant for SFC. This corresponds to an upward revision of 0.3 percentage points compared to the spring forecast and reflects strong domestic demand and the growing working-age population. According to the IMF, the US economy should expand by 2.7% and the Canadian economy by 1.2% in the current year. The IMF is forecasting economic growth of 0.8% for the Eurozone in 2024. [9]

German economy: faltering recovery

The German economy has emerged from the recession, entering the new year on a more dynamic note than predicted in the IfW's spring forecast. According to the IfW, growth in the first quarter was primarily fuelled by foreign business. By contrast, consumer spending declined at the beginning of the year despite a noticeable increase in household purchasing power, although the rise in the savings rate is likely to be overstated due to one-off effects. Capital spending in the corporate sector remained subdued, dropping significantly over two consecutive quarters. The IfW forecasts that gross domestic product will continue to grow after increasing in the first quarter. Over the course of the year, rising real disposable incomes and the upturn in foreign business should stimulate economic activity. Moreover, the effects of tighter monetary policies will gradually diminish. However, there are no signs of any pronounced economic momentum. Despite the upward trend, business and consumer confidence both remain subdued. In addition, the scope for expansion is increasingly being limited by

1 https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-sommer-2024-konjunkturgefaelle-nimmt-ab-33011/
2 https://ec.europa.eu/eurostat/de/web/products-euro-indicators/w/2-02072024-ap
3 Current US Inflation Rates: 2000-2024 https://www.bls.gov/news.release/cpi.nr0.htm
4 https://en.econreporter.com/57123/canada-inflation-june2024-2-7/
5 https://www150.statcan.gc.ca/n1/daily-quotidien/240716/dq240716a-eng.htm
6 Statewise Inflation Rates (%) for June 2024 (based on CPI). https://www.mospi.gov.in/dataviz-cpi-map
7 https://de.statista.com/statistik/daten/studie/203897/umfrage/monatliche-inflationsrate-in-indien/
8 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2023/KKB_99_2023-Q1_Welt.pdf
9 https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2024/06/14-anzeichen-verbesserte-konjunkturentwicklung.html

structural obstacles – not least of all demographic change. Overall, the IfW sees gross domestic product increasing by 0.2% in the current year (spring forecast: 0.1%). Inflation has levelled off noticeably and is expected to reach 2.2% in the current year (2023: 5.9%).[10]

Clean Energy

Swifter momentum in the fuel cell market

The performance of the Clean Energy segment is materially influenced by international demand for decentralised power production systems, for which EFOY fuel cells are used. SFC's fuel cells are used in various stationary, mobile and hybrid applications.

Global efforts to reduce carbon emissions, such as those defined in the EU and US climate targets for 2050, are also driving demand in the segment. At a European level, this is determined by the Net Zero Industry Act (NZIA), which took effect on 29 June 2024. The aim of the NZIA is to promote the use of "net zero technologies" such as solar, wind, batteries and electrolysers on a broad basis. [11] The list of net-zero technologies stipulated in the NZIA explicitly includes "hydrogen technologies, including electrolysers and fuel cells". [12] More specifically, the NZIA promotes the targeted development of production capacities within the European Union so that at least 40% of the member states' own requirements for these net zero technologies can be covered within the EU by 2030. [13] In the United States, as well, the Inflation Reduction Act (IRA), which was passed in 2022, provides for the promotion of hydrogen structures and particularly also hydrogen producers. [14] On a more general level, the international initiatives underpin the growing importance of fuel cells and hydrogen on the path to decarbonisation as well as with regard to the reliability of energy supplies and, related to this, the target of greater independence and autonomy on the part of entire states in the face of geopolitical uncertainties.

Market research institute Grand View Research considers government measures in the form of subsidies and tax breaks, as provided for in the programmes stated as examples, to be drivers of a further acceleration of the fuel cell market. The ongoing and stepped-up efforts to raise public awareness of the use of renewable energies to reduce carbon emissions should also spur demand for appropriate solutions and thus also for fuel cells. As a consequence, Grand View Research's forecast for the development of the global fuel cell market is more optimistic than on the date of last year's half-year report. Whereas a compound average annual growth rate (CAGR) of 19.9% was assumed last year and for the period from 2023 to 2030, this estimate now stands at 27.1% by the end of the decade. In this context, the entire fuel cell market is expected to grow in value from the previously assumed figure of USD 26.9 billion to around USD 37.0 billion by the end of 2030. This shows that significant progress can be made in the fight against climate change and in the associated use of appropriate technologies.[15]

10 https://www.ifw-kiel.de/de/publikationen/deutsche-wirtschaft-im-sommer-2024-erholung-kommt-muehsam-in-gang-33009/
11 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/06/20240629-net-zero-industry-act-tritt-in-kraft.html
12 https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=OJ:L_202401735
13 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/06/20240629-net-zero-industry-act-tritt-in-kraft.html
14 https://www.whitehouse.gov/wp-content/uploads/2022/12/Inflation-Reduction-Act-Guidebook.pdf
15 https://www.grandviewresearch.com/industry-analysis/fuel-cell-market

Clean Power Management

Softer demand for electronic components

Data and information published by the industry associations "Electronic Components & Systems" and "PCB & Electronics Systems" within the German Electrical and Electronic Manufacturers' Association (ZVEI) are analysed to assess the current situation as a basis for the development of the target markets (power management electronics and switched-mode power supplies) in the Clean Power Management segment.

According to the ZVEI economic barometer from 9 July – more recent data was not available at the time of writing – demand for electronic components fell by 11.3% year on year between January and May. Declining by 14.5%, domestic demand fell more sharply than incoming foreign orders, which were down 8.6%. [16]

With the industry association projecting aggregated industry revenue of EUR 237.9 billion for 2023 as a whole, this figure is expected to reach a cumulative EUR 91.4 billion by the end of May, marking a year-on-year decline of 7.2%. [17] For 2024 as a whole, ZVEI currently expects a real decline of 2% in production. [18] Based on surveys for the next six months as of the end of June, the business expectations of companies in the sector are +1 on balance, down from +2 at the end of May, but up from -16 at the end of 2023. [19]

16 https://www.zvei.org/presse-medien/publikationen/zvei-konjunkturbarometer-juli-2024
17 https://www.zvei.org/presse-medien/publikationen/zvei-konjunkturbarometer-juli-2024
18 https://www.zvei.org/presse-medien/pressebereich/elektro-und-digitalindustrie-vor-leichter-wachstumsdelle
19 https://www.zvei.org/presse-medien/publikationen/zvei-konjunkturbarometer-juli-2024

Business performance and economic situation

Significant events

Changes within the Group

The interim financial statements as of 30 June 2024 comprise SFC Energy AG as the parent company and the following subsidiaries:

SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION in %

COMPANY	SEAT	SHARE IN CAPITAL			CURRENCY
		DIRECTLY	INDIRECTLY	TOTAL	
SFC Energy B,V, („**SFC NL**")	Almelo Netherlands	100%	–	100%	EUR
SFC Energy Power SRL („**SFC RO**")	Cluj-Napoca. Romania	-	100%	100%	RON
SFC Energy Ltd, („**SFC CA**")	Calgary Canada	100%	-	100%	CAD
SFC Energy UK Ltd, („**SFC UK**")	Swindon UK	100%	-	100%	GBP
SFC Energy India Pvt, Ltd, („**SFC IN**")	Gurgaon India	92%	-	92%	INR
SFC Clean Energy SRL („**SFC RO II**")	Cluj-Napoca Romania	100%	-	100%	RON
SFC Energy LLC („**SFC USA**")	Wilmington USA	100%	-	100%	USD

There were no changes in the reporting period as of 31 December 2023.

Personnel matters

Supervisory Board

The mandates held by Hubertus Krossa (Chairman of the Supervisory Board) and Gerhard Schempp (Member of the Supervisory Board) expired at the end of the Annual General Meeting on 16 May 2024, making it necessary to elect two new members. The Chairman of the Supervisory Board, Hubertus Krossa, stepped down from the Supervisory Board at the end of the Annual General Meeting after 10 years of service. Gerhard Schempp was re-elected to the Supervisory Board. Dr Andreas Blaschke was elected to the Supervisory Board for the first time. Mr Schempp's mandate expires at the end of the Annual General Meeting in 2025 and Dr Blaschke's mandate at the end of the Annual General Meeting in 2027.

At the constituent meeting of the Supervisory Board also held on 16 May 2024 following the end of the Annual General Meeting, Ms Sunaina Sinha Haldea was elected as the new Chairwoman of the Supervisory Board. Her mandate expires at the end of the Annual General Meeting in 2025.

Management Board

At its meeting on 15 May 2024, the Supervisory Board of SFC Energy AG renewed by a further five years the service contracts of Mr Daniel Saxena with effect from 1 July 2024 and Mr Hans Pol with effect from 1 March 2025.

There were no other significant events in the first half of the year.

Earnings position

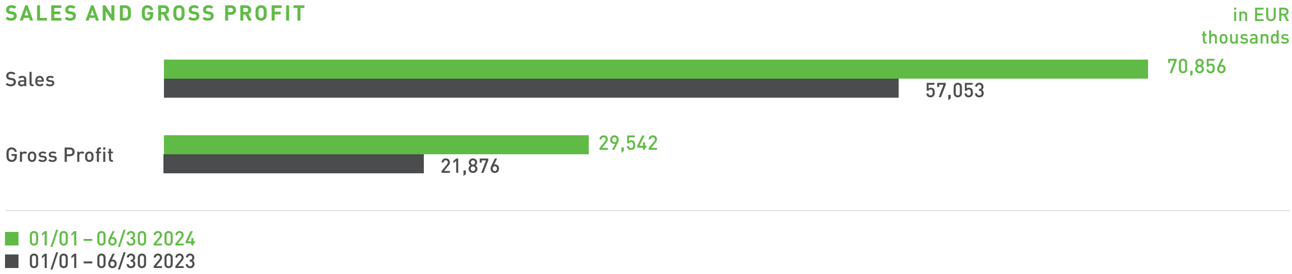
In the reporting period, the Group generated sales of EUR 70,856 thousand (previous year: EUR 57,053 thousand), thus achieving significant growth of 24.2% compared to the same period of the previous year. This favourable performance was driven by very strong organic sales growth in the Clean Energy segment as well as substantial sales growth in the Clean Power Management segment.

Compared to the previous year, the Clean Energy segment recorded very strong growth of 31.8% in sales to EUR 50,860 thousand (previous year: EUR 38,590 thousand). Sales in the Clean Power Management segment increased appreciably in the reporting period compared to the previous year, rising by 8.3% to EUR 19,997 thousand (previous year: EUR 18,463 thousand).

The Clean Energy segment, whose share in Group sales widened significantly in the reporting period to 71.8% (previous year: 67.6%), remained the segment with the highest sales. Accordingly, the Clean Power Management segment's share of Group sales contracted to 28.2% (previous year: 32.4%).

Consolidated gross profit increased by EUR 7,666 thousand or 35.0% over the same period of the previous year to EUR 29,542 thousand (previous year: EUR 21,876 thousand), thus growing more quickly than sales. Consequently, the Group's gross margin (gross profit as a percentage of sales) widened significantly to 41.7% (previous year: 38.3%).

SALES AND GROSS PROFIT



Sales by region

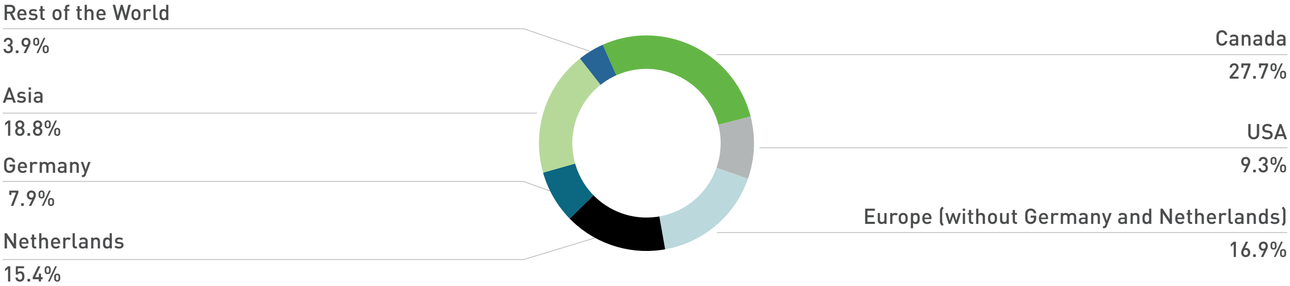
Sales for the reporting period and the second quarter of 2024 break down by region as follows compared to the previous year:

SALES BY REGION (in EUR thousands)

	2024 01/01-06/30	2023 01/01-06/30	Change	2024 04/01-06/30	2023 04/01-06/30	Change
Canada	19,614	15,496	26.6%	10,500	8,488	24.3%
USA	6,621	11,421	-42.0%	2,727	4,593	-40.6%
Europe (without Germany and Netherlands)	11,948	11,902	0.4%	6,105	6,067	0.6%
Netherlands	10,942	7,049	55.2%	4,835	3,002	61.0%
Germany	5,617	4,282	31.2%	2,654	1,997	32.9%
Asia	13,319	5,746	131.8%	2,360	4,338	-45.6%
Rest of the World	2,795	1,157	141.6%	1,628	1,153	41.2%
Summe	**70,856**	**57,053**	**24.2%**	**30,809**	**29,599**	**4.1%**

BREAKDOWN OF SALES BY REGION
1 Jan. – 30 June 2024

in %



Regionally, the following changes arose in the reporting period compared to the same period in the previous year: The share accounted for by North America in Group sales shrank noticeably in the reporting period to 37.0% (previous year: 47.2%), dropping only slightly in absolute terms by EUR 682 thousand, however.

By contrast, the share of Asian sales in the Group total widened significantly in the reporting period to 18.8% (previous year: 10.1%). The proportion of European sales in the Group total contracted noticeably to 40.2% (previous year: 53.2%), but was up EUR 1,865 thousand in absolute terms on the previous year.

The other regions and countries contributed 3.9% (previous year: 2.0%) to Group sales.

Reconciliation of adjusted EBITDA and adjusted EBIT

Adjusted EBITDA and adjusted EBIT are reported in order to allow for any distortions in the presentation of financial performance indicators caused by non-recurring effects that may either increase or decrease operating earnings in the reporting period and to ensure comparability of these performance indicators from period to period. The non-recurring effects listed below, which are included in the relevant functional costs, are eliminated in the reporting period as part of the reconciliation with adjusted EBITDA and adjusted EBIT.
In the reporting period, the non-recurring effects include expenses and income arising from additions to or the reversal of provisions and the share premium for obligations under the long-term variable share-based payment programmes ("LTI programmes") as well as expenses associated with transaction endeavours (e.g. potential acquisitions).

The LTI programmes entail stock appreciation rights ("SARs"), stock option programmes ("SOPs") and performance share plans ("PSPs") for the Management Board as well as managers of the Group companies. These expenses totalled EUR 1,709 thousand in the reporting period (previous year: EUR 392 thousand) ("extraordinary expenses"). Income from the LTI programmes ("extraordinary income") amounting to EUR 638 thousand (previous year: EUR 113 thousand) was also recognised in the reporting period. This income is due, among other things, to the reversal through profit and loss of provisions previously recognised for the SARs or the reversal of the share premium for the SOPs, which are higher than the payment of the amounts received in cash in a reporting period or which resulted from accounting in accordance with IFRS 2.

Expenses associated with transaction endeavours amounting to EUR 239 thousand (previous year: EUR 254 thousand) are included in non-recurring effects.

On balance, the non-recurring effects are included in EBIT and EBITDA as net expense of EUR 1,311 thousand for the reporting period (previous year: EUR 533 thousand).

The expenses for the LTI programmes for the current Management Board are included in both selling expenses and general administration expenses. The expenses for the LTI programmes for employees (management staff) are included in selling expenses, in research and development expenses and in general administration expenses. The expenses associated with transaction endeavours are included in general administration expenses.

Reconciliation with adjusted EBITDA and adjusted EBIT (= adjusted operating earnings) and the allocation of the non-recurring effects to the items of the income statement break down as follows:

NON-RECURRING EFFECTS in EUR thousands

	2024 01/01-06/30	2023 01/01-06/30
Expenses from the recognition of provisions for LTI programmes	-1,709	-392
Income from reversal of provisions for LTI programmes	638	113
Expenses in connection with transaction endeavours	-239	-254
Total net expense/income	**-1,311**	**-533**
of which included in selling expenses	-473	-17
of which included in research and development expenses	-59	-10
of which included in general administration expenses	-778	-506

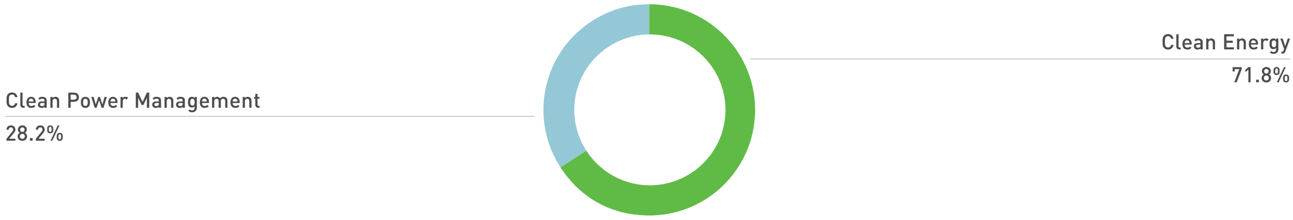
Sales by segment

Sales for the reporting period and the second quarter of 2024 break down by segment as follows compared to the previous year:

SALES BY SEGMENT in EUR thousands

	2024 01/01-06/30	2023 01/01-06/30	Change	2024 04/01-06/30	2023 04/01-06/30	Change
Clean Energy	50,860	38,590	31.8%	20,056	20,826	-3.7%
Clean Power Management	19,997	18,463	8.3%	10,753	8,773	22.6%
Total	**70,856**	**57,053**	**24.2%**	**30,809**	**29,599**	**4.1%**

BREAKDOWN OF SALES BY SEGMENT
1 JAN. – 30 JUNE 2024
in %



Clean Energy

The Clean Energy segment's core business entails the development, production, delivery, integration and marketing of products, systems and solutions based on technologically advanced hydrogen and direct methanol fuel cells for power production. The segment has an extensive range of products that are sold on a stand-alone basis or as solutions for customers in the core target markets for industrial and private applications as well as for public security applications in various sectors.

In the wake of climate change and the path to greenhouse gas neutrality, energy supplies and economic structures in many national economies are undergoing fundamental change. Large parts of government institutions, the research community, business and society regard renewable energies in general and hydrogen in particular as a pillar of the strategy for restructuring the energy sector. Comprehensive initiatives to establish global carbon pricing and to drive forward the development and expansion of a hydrogen infrastructure highlight these efforts. Despite the more difficult macroeconomic conditions, a growing number of hydrogen projects are in the global pipeline. According to the Hydrogen Insights 2023 December Update, for example, the number of projects that have been announced has risen by more than one third since the beginning of the year to over 1,400 with a total budget of more than USD 570 billion. These could produce around 45 million tonnes of hydrogen in 2030.

A study by an internationally acknowledged consulting firm assumes that the market potential relevant for the company's solutions will widen from 4.3 gigawatts (GW) of installable capacity in 2021 to 8.1 GW in 2026. This translates into market growth of 12% p.a. The relevant market comprises nine types of applications in the <100 kW power range, including telecommunication towers, construction site power supplies, upstream and midstream monitoring of oil and gas wells and pipelines, environmental monitoring of wind farms and CCTV monitoring.

In the reporting period, the segment generated sales of EUR 50,860 thousand (previous year: EUR 38,590 thousand), thus posting a significant increase of EUR 12,270 thousand or 31.8% over the same period of the previous year. The growth in sales was particularly underpinned by continued strong demand for fuel cell solutions for industrial applications, which account for slightly more than half of the segment's sales. Segment sales with industrial customers climbed by around 12% over the same period of the previous year.

The segment also benefited from the significant growth in project business and greater demand in the core target markets for public safety. Thus, sales of fuel cell solutions to customers in these markets more than doubled.

Demand for applications in the core target markets for private applications shrank marginally and now accounts for the smallest proportion of segment sales. The Management Board believes that one of the main reasons for this is muted consumer confidence combined with greater price sensitivity on the part of private households, particularly in Germany.

At 47.9% (previous year: 44.6%), the segment's gross margin exceeded the previous year noticeably thanks to the attractive product mix in conjunction with lower production overheads, the ongoing effect of raw material prices, which have now returned to normal, and the absence of material fair-value remeasurement gains on inventories, among other things. Reflecting the significant increase in sales and the improved gross margin, gross profit in the reporting period was significantly higher than in the same period of the previous year, rising to EUR 24,360 thousand (previous year: EUR 17,210 thousand).

At EUR 7,123 thousand (previous year: EUR 6,474 thousand), selling expenses adjusted for the above-mentioned extraordinary expenses of EUR 473 thousand (previous year: EUR 17 thousand) were up 10.0% and, hence, substantially higher than in the same period of the previous year. The main reasons for this were higher personnel, advertising and travelling expenses as well as consultancy costs, which also reflected the increase in sales.

The segment's general administration expenses adjusted for the aforementioned extraordinary expenses of EUR 778 thousand (previous year: EUR 506 thousand) also rose in the reporting period by 21.9% to EUR 6,196 thousand (previous year: EUR 5,083 thousand) and were thus substantially higher than in the previous year. The increase is mainly due to higher personnel and travel expenses as well as depreciation and amortisation.

Reflecting the substantial increase in gross profit and the slower growth in functional costs relative to sales, EBITDA adjusted for non-recurring effects climbed to EUR 10,850 thousand in the reporting period (previous year: EUR 5,947 thousand), resulting in a significant increase in the segment's adjusted EBITDA margin to 21.3% (previous year: 15.4%).

Clean Power Management

The core business of the Clean Power Management segment entails the development, production and marketing of the Group's wide range of high-tech power management solutions, which are used to generate and control regulated voltages in electronic systems. The target customers for these solutions are manufacturers of high-tech industrial machinery for various sectors. The segment particularly addresses companies with a long-term positioning, especially in high-growth areas.

Power management solutions are a key component of power conversion systems. Among other things, they are used to improve power density, reduce electromagnetic interference, preserve power and signal integrity, ensure safety in variable voltage ranges and extend battery life. Demand for these components is traditionally exposed to changes in the general macroeconomic environment, but is being spurred by the emergence of new applications as well as a number of trends. These include the critical transition to lower emissions and more sustainable operations on the part of plant engineering companies and manufacturers, as well as digitalisation, which is spurring demand for smarter appliances, electricity storage systems and the flexible management of electricity distribution, including with a higher proportion of renewable energy. The general trends also entail increased integration, greater efficiency and the use of new materials. Power modules are benefiting from advances in manufacturing technology.

In the reporting period, the Clean Power Management segment recorded solid sales growth of 8.3% to EUR 19,997 thousand (previous year: EUR 18,463 thousand). With business in power management solutions expanding noticeably, frequency converter business for the upstream oil and gas industry experienced moderate growth over the same period of the previous year.

The segment's gross profit widened appreciably by 11.1% or EUR 516 thousand to EUR 5,183 thousand (previous year: EUR 4,666 thousand). This increase lagged slightly behind sales growth, resulting in a gross margin of 25.9% in the reporting period, which was slightly less than in the same period of the previous year (previous year: 25.3%). This was due to a slightly lower gross margin in power management solutions business.

Selling expenses in the segment totalled EUR 1,112 thousand (previous year: EUR 1,159 thousand), down a significant 4.1% on the previous year, particularly as a result of lower personnel, advertising and travel expenses for business in power management solutions.

The segment's general administration expenses came to EUR 2,116 thousand in the reporting period (previous year: EUR 1,960 thousand), up an appreciable EUR 157 thousand on the same period of the previous year as a result of higher consulting costs and increased depreciation and amortisation.

Segment EBITDA does not include any non-recurring effects. Reflecting the significant increase in gross profit and the slightly slower growth in functional costs relative to sales, EBITDA climbed substantially to EUR 1,676 thousand in the reporting period (previous year: EUR 1,375 thousand), resulting in a stable EBITDA margin for the segment of 8.4% (previous year: 7.4%).

Group

Gross profit

In the reporting period, gross profit increased by 35.0% to EUR 29,542 thousand (previous year: EUR 21,876 thousand) and, thus, very significantly by EUR 7,666 thousand over the previous year. This growth was mainly attributable to the aforementioned significant organic sales growth combined with margin expansion, which was also due to a very favourable product mix dominated by products with attractive margins together with a significant increase in production capacity utilisation in the Clean Energy segment.

At 41.7% (previous year: 38.3%), the Group's gross margin (gross profit as a percentage of sales) in the reporting period was significantly up on the full-year figure recorded in 2023.

Gross profit for the individual segments compared to the previous year is as follows:

GROSS PROFIT BY SEGMENT

in EUR thousands

	2024 01/01-06/30	2023 01/01-06/30	Change	2024 04/01-06/30	2023 04/01-06/30	Change
Clean Energy	24,360	17,210	41.5%	9,064	9,562	-5.2%
Clean Power Management	5,183	4,666	11.1%	2,586	2,100	23.1%
Total	**29,542**	**21,876**	**35.0%**	**11,650**	**11,662**	**-0.1%**

Selling expenses

Selling expenses increased significantly in the reporting period by 13.8% over the previous year, rising to EUR 8,708 thousand (previous year: EUR 7,650 thousand). The extraordinary expenses included in selling expenses totalling EUR 473 thousand (previous year: EUR 17 thousand) were significantly higher than in the previous year.

Adjusted for these effects, selling expenses still increased significantly in the reporting period by 7.9% to EUR 8,235 thousand (previous year: EUR 7,633 thousand). Higher adjusted personnel expenses, as well as increased advertising and travel expenses and commissions, partly due to the growth in sales, were the main reasons for this increase.

Group-wide adjusted selling expenses as a proportion of sales were slightly lower than in the previous year, coming to 11.6% (previous year: 13.4%) due to the higher sales.

Research and development expenses

The research and development expenses recognised in the income statement increased by 19.4% to EUR 3,383 thousand in the reporting period (previous year: EUR 2,834 thousand).

Adjusted for the aforementioned extraordinary expenses of EUR 59 thousand (previous year: EUR 10 thousand) and including the development expenses capitalised in the reporting period as well as grants received of a total of EUR 1,490 thousand (previous year: EUR 1,666 thousand), the Group's total research and development expenses amounted to EUR 5,197 thousand (previous year: EUR 4,490 thousand). This marked a substantial increase of 15.8% over the previous year. The higher total expenses in the reporting period were mainly the result of increased personnel expenses and higher expenses for the materials used in the development department, partly as a result of the intensified development of the membrane electrode assembly (MEA) in the reporting period.

The Group's overall development ratio (research and development expenses adjusted for non-recurring effects and including capitalised development expenses and grants as a percentage of sales) shrank slightly to 7.3% (previous year: 7.9%) due to the growth in sales despite higher overall expenses.

General administration expenses

General administration expenses in the reporting period totalled EUR 9,091 thousand (previous year: EUR 7,548 thousand) and were thus significantly higher than in the same period of the previous year. Adjusted for the non-recurring effects described above of EUR 778 thousand (previous year: EUR 506 thousand), general administration expenses rose by EUR 1,270 thousand or 18.0% to EUR 8,312 thousand (previous year: EUR 7,043 thousand). This increase is mainly due to substantially higher personnel expenses as a result of a larger headcount as well as substantially higher travelling and IT expenses. The increases in costs are largely due to sales growth and the company's dynamic development.

Other operating income

Other operating income fell by 23.7% compared to the same period of the previous year to EUR 636 thousand in the reporting period (previous year: EUR 834 thousand). The main reason for this was the lower income from exchange rate differences of EUR 460 thousand (previous year: EUR 734 thousand) included in this item.

Other operating expenses

Other operating expenses dropped by 28.1% over the previous year to EUR 658 thousand in the reporting period (previous year: EUR 915 thousand). The expenses arising from exchange rate differences included in this item totalled EUR 158 thousand in the reporting period and were thus substantially lower than in the previous year (previous year: EUR 915 thousand). The reporting period also included provisions of EUR 500 thousand (previous year: EUR 0 thousand) for possible liabilities to a business partner in connection with delays in the production start-up at a subsidiary.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Underpinned by its good operating performance, the Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) increased very sharply by EUR 4,427 thousand in the reporting period to EUR 11,215 thousand (previous year: EUR 6,788 thousand). Reflecting this, the EBIT margin (EBIT relative to sales) widened to 15.8% (previous year: 11.9%).

As the key financial performance indicator for managing operating business, EBITDA adjusted for non-recurring effects (EBITDA adjusted) reached EUR 12,526 thousand in the reporting period (previous year: EUR 7,321 thousand), likewise increasing very sharply over the previous year by EUR 5,204 thousand. The adjusted EBITDA margin widened by 4.8 percentage points and, at 17.7%, was well up on the previous year (previous year: 12.8%).

The increase in adjusted EBITDA was mainly attributable to the strong growth in sales in tandem with a relatively small increase in functional and the marked improvement in the gross margin.

Earnings before interest and taxes (EBIT)

The Group's earnings before interest and taxes (EBIT) improved considerably by EUR 4,425 thousand to EUR 8,247 thousand in the reporting period (previous year: EUR 3,822 thousand). Accordingly, the EBIT margin (EBIT relative to sales) widened to 11.6% (previous year: 6.7%).

EBIT adjusted for non-recurring effects (EBIT adjusted) came to EUR 9,558 thousand (previous year: EUR 4,355 thousand), thus increasing more than double by EUR 5,203 thousand over the previous year. This resulted in an adjusted EBIT margin of 13.5% (previous year: 7.6%), which was substantially higher than in the previous year.

Interest and similar income

Interest and similar income more than doubled to EUR 749 thousand in the reporting period (previous year: EUR 313 thousand) due to higher interest rates and increased cash and cash equivalents.

Interest and similar expenses

Interest and similar expenses of EUR 316 thousand (previous year: EUR 339 thousand) include interest expenses from the application of IFRS 16 in the amount of EUR 166 thousand (previous year: EUR 211 thousand). The decline in interest expenses was mainly due to lower interest on the utilisation of working capital facilities as a result of higher general interest rates.

Consolidated net result for the period

The consolidated net result for the period was significantly higher than in the same period of the previous year, increasing to EUR 6,421 thousand in the reporting period (previous year: EUR 3,327 thousand), particularly due to the strong operating performance and the lower impact of the non-recurring effects listed above.

Earnings per share

Basic earnings per share increased to EUR 0.37 in the reporting period (previous year: EUR 0.19) and diluted earnings per share to EUR 0.36 (previous year: EUR 0.19).

Order intake and backlog

At EUR 79,180 thousand (previous year: EUR 68,871 thousand), order intake was substantially up on the previous year in the reporting period. As of 30 June 2024, the Group's order backlog increased to EUR 89,024 thousand (31 December 2023: EUR 81,300 thousand). Of this, SFC AG accounted for EUR 26,788 thousand (31 December 2023: EUR 37,111 thousand), SFC NL for EUR 48,101 thousand (31 December 2023: EUR 27,267 thousand), SFC CA for EUR 13,446 thousand (31 December 2023: EUR 16,922 thousand) and SFC IN for EUR 688 thousand (31 December 2023: EUR 0).

Asset and financial position

Capital structure

As of 30 June 2024, equity amounted to EUR 135,926 thousand (31 December 2023: EUR 128,133 thousand), thus increasing appreciably by EUR 7,792 thousand.

The net financial position (freely available cash and cash equivalents less liabilities to banks) increased in the reporting period by EUR 9,564 thousand to EUR 65,621 thousand (31 December 2023: EUR 56,056 thousand).

Cash and cash equivalents

As of 30 June 2024, freely available cash and cash equivalents amounted to EUR 69,610 thousand, rising sharply by EUR 9,762 thousand (31 December 2023: EUR 59,847 thousand).

Overall, liabilities to banks increased by EUR 198 thousand over the end of 2023 to EUR 3,989 thousand (31 December 2023: EUR 3,791 thousand).

Ongoing investment in product development and potential joint ventures, equity investments and acquisitions remain an important part of SFC's growth and internationalisation strategy in order to strengthen and expand its market positions in a targeted manner or to supplement existing business or penetrate new business areas. The implementation of this strategy may result in financial obligations or additional financing requirements.

In February 2024, SFC entered into a strategic partnership agreement with Indian company FC TecNrgy Pvt. Ltd. to set up a new production facility for fuel cells and for further market development in India. In this connection, SFC AG has undertaken to make a financial investment of EUR 1,000 thousand in FC TecNrgy Pvt. Ltd, which is still outstanding. This entails investment obligations held by SFC Energy India Pvt. Ltd. This investment is to be financed from SFC's cash flow.

Pending utilisation, surplus liquidity is being invested in low-risk financial instruments (e.g. overnight and fixed-term deposits) at various banks.

SFC's Articles of Association do not define any capital requirements.

Cash flow and investments

CASH FLOW — in EUR thousands

	2024 01/01-06/30	2023 01/01-06/30
Operating cash flow before changes in working capital	12,602	7,339
Cash flow from		
operating activities	15,970	-1,522
investing activities	-5,121	-3,608
financing activities	-1,370	-1,213

Operating cash flow and cash flow from operating activities

Cash flow from operating activities improved very significantly over the same period of the previous year, totalling EUR 15,970 thousand in the reporting period (previous year: EUR -1,522 thousand).

This improvement was driven by the very favourable business performance and the sharp rise in adjusted EBITDA and the operating cash flow before changes in net working capital and income taxes (operating result before changes in working capital), which increased very substantially in the reporting period by EUR 5,263 thousand to EUR 12,602 thousand (previous year: EUR 7,339 thousand). At the same time, net working capital fell by EUR 4,523 thousand in the reporting period (previous year: increase of EUR 8,014 thousand). The opposite effect arose from higher tax expenses of EUR 1,154 thousand in the reporting period (previous year: EUR 847 thousand).

With regard to the main changes in net working capital, inventories fell by EUR 1,589 thousand in the reporting period, affecting cash flow accordingly. Furthermore, trade receivables increased marginally by EUR 200 thousand in the reporting period despite the increased sales, also with a corresponding effect on liquidity. Other receivables and assets, which primarily include advance tax payments, increased by EUR 834 thousand (previous year: EUR 1,144 thousand) with a corresponding effect on liquidity.

Trade payables rose by EUR 3,580 thousand in the reporting period (previous year: EUR 3,790 thousand) with a corresponding effect on liquidity. Together with the other items of net working capital, this caused a decrease in net working capital and thus a cash inflow of EUR 4,523 thousand in the reporting period (previous year: increase of EUR 8,014 thousand).

Cash flow from investing activities and investments

Cash outflows from investing activities came to EUR 5,121 thousand in the reporting period (previous year: EUR 3,608 thousand). This includes payments for investments in intangible assets of EUR 1,529 thousand (previous year: EUR 2,659 thousand), of which EUR 1,490 thousand (previous year: EUR 1,466 thousand) was attributable to capitalised development expenses. The higher cash outflow in the previous year was mainly due to the acquisition of intangible assets.

Cash outflows for investments in plant and office equipment were valued at EUR 4,322 thousand in the reporting period (previous year: EUR 1,243 thousand), increasing more than three-fold over the previous year. This very sharp increase is mainly due to the establishment and expansion of the SFC UK and SFC IN sites.

Investments were funded using the Group's own cash flow or under existing loan agreements.

Cash flow from financing activities

The cash outflow from financing activities increased appreciably in the reporting period to EUR 1,370 thousand (previous year: EUR 1,213 thousand). This increase was caused by higher cash outflows for the settlement of lease liabilities totalling EUR 1,060 thousand (previous year: EUR 881.0 thousand) in connection with the application of IFRS 16.

Change in the cash flow components of cash and cash equivalents

The net change in cash and cash equivalents totalled EUR 9,479 thousand (previous year: EUR -6,343 thousand). As of 30 June 2024, unrestricted cash and cash equivalents were valued at EUR 69,610 thousand (31 December 2023: EUR 59,847 thousand).

Asset position

At EUR 187,186 thousand as of 30 June 2024, total assets increased by EUR 10,786 thousand or 6.1% over the end of the previous year (31 December 2023: EUR 176,399 thousand). This was materially due to the higher current assets, particularly the increase in other assets and receivables, as well as the higher cash and cash equivalents.

Despite the higher sales, inventories decreased noticeably by 6.7% to EUR 23,377 thousand in the reporting period (31 December 2023: EUR 25,043 thousand) due to the run-off of inventories at SFC AG and SFC IN.

At EUR 28,772 thousand in the reporting period, trade receivables were roughly the same as at the end of the 2023 financial year (previous year: EUR 28,645 thousand).

Other assets and receivables increased very substantially by EUR 3,000 thousand to EUR 8,424 thousand in the reporting period (previous year: EUR 5,424 thousand). This was mainly due to higher advance tax payments.

As of the reporting date, the share of non-current assets in total assets stood at 30% (31 December 2023: 31%), thus remaining at roughly the same level as at the end of the 2023 financial year.

Intangible assets increased by EUR 398 thousand to EUR 20,218 thousand as of 30 June 2024 (previous year: EUR 19,820 thousand), mainly due to capitalised development expenses.

At EUR 19,380 thousand, property, plant and equipment were 14.4% up on the end of the 2023 financial year (31 December 2023: EUR 16,944 thousand). This increase is mainly due to the aforementioned investments in the expansion and development of international locations.

Current liabilities rose by EUR 3,974 thousand to EUR 37,552 thousand in the reporting period (31 December 2023: EUR 33,578 thousand). This substantial increase is mainly due to the significant rise in trade payables described below.

At EUR 16,478 thousand, trade payables were up 27.8% or EUR 3,588 thousand on the end of the previous year (31 December 2023: EUR 12,890 thousand) due to larger procurement volumes as a result of the sales growth as well as increased manufacturing input within the Group.

Current lease liabilities rose by EUR 17 thousand to EUR 2,218 thousand (31 December 2023: EUR 2,200 thousand), thus remaining roughly on a par with the end of the 2023 financial year.

Non-current liabilities dropped noticeably by EUR 574 thousand to EUR 13,708 thousand as of the reporting date (31 December 2023: EUR 14,688 thousand). One significant item within non-current liabilities is non-current lease liabilities, which decreased substantially by EUR 1,003 thousand or 9.7% in the reporting period.

Financial liabilities climbed by EUR 198 thousand to EUR 3,989 thousand in the reporting period (31 December 2023: EUR 3,791 thousand) and are solely of a current nature. They mainly concern the working capital facilities for SFC NL.

The composition of and changes in net financial liabilities are presented below:

NET FINANCIAL LIABILITIES in EUR thousands

	30 June 2024	31 Dec. 2023	Change
Liabilities to banks	3,989	3,791	5.2%
of which SFC AG	0	0	0%
of which SFC NL	3,989	3,791	5.2%
of which SFC CA	0	0	0%
Less			
Freely available cash and cash equivalents [a]	69,610	59,847	16.3%
Total	**65,621**	**56,056**	**17.1%**

a Cash and cash equivalents less restricted cash and cash equivalents

Overall, the share of liabilities in total capital amounted to 27.4% (31 December 2023: 27.4%).

The Group's equity increased to EUR 135,926 thousand in the reporting period (31 December 2023: EUR 128,133 thousand). At 72.6%, the equity ratio was unchanged over the end of the 2023 financial year (31 December 2023: 72.6%). Further information on changes in equity can be found in the consolidated statement of changes in equity in the abridged consolidated interim financial statements.

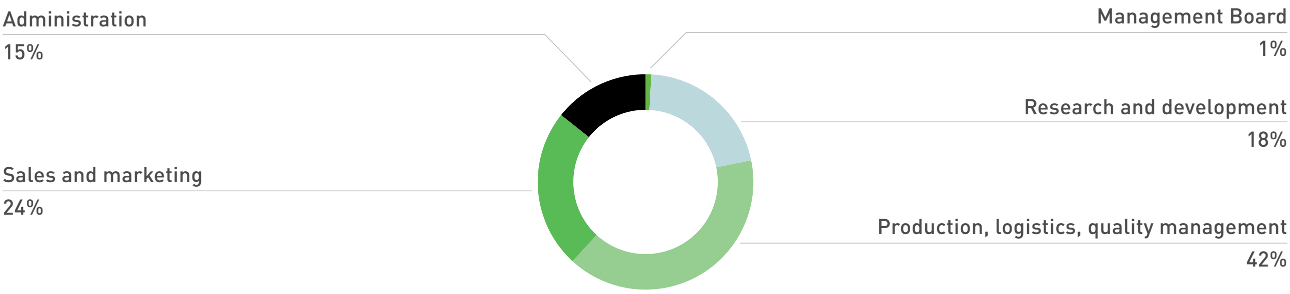
Employees

The number of permanent employees as of 30 June 2024 is as follows:

EMPLOYEES

	30 June 2024	31 Dec. 2023	Change
Management Board	3	3	0
Research and development	74	77	-3
Production, logistics, quality management	178	156	22
Sales and marketing	102	103	-1
Administration	64	64	0
Permanent employees	**421**	**403**	**18**

EMPLOYEES BY FUNCTION



As of 30 June 2024, the Group had 421 (31 December 2023: 403) permanent employees worldwide.

Risk and opportunities report

With its international footprint, SFC is active in innovative business areas with its technology platforms. On the one hand, this results in major opportunities, while, on the other, it exposes business activities to potential risks which may have a significant and lasting impact on the achievement of financial and non-financial targets and therefore also on the Group's net assets, financial condition and results of operations (including effects on assets, liabilities and cash flows).

SFC has implemented a Group-wide risk management system to identify, assess and manage potential risks and opportunities, monitor them on an ongoing basis and, if necessary, incorporate them in intrayear planning. Business-related risks and opportunities, e.g. financial risks, technological risks, market risks, risks in the procurement of intermediate goods, risks relating to human resources and information technology, as well as in the areas of environment, climate and safety, are continuously monitored. With regard to legal risks, we monitor potential issues such as legal disputes, product risks, patent risks and risks in the regulatory environment.

The opportunities and risks described in the 2023 Annual Report are still largely valid in the reporting period, with the majority of risks revised or reassessed on the basis of the latest forecasts. During the reporting period, we did not identify any further significant risks and opportunities beyond those described in the 2023 Annual Report.

The risk of unexpected delays in the start-up phase to full capacity for the production of the membrane electrode assembly (MEA) at the new SFC UK production site is still relevant. In order to fill part of the gap caused by the MEA shortage, a temporary MEA production facility was set up at the SFC AG site in the first quarter of 2024, although its efficiency does not match the planned efficiency of the new SFC UK site. This MEA production was transferred to SFC UK in the second quarter of 2024.

In order to minimise supply chain constraints for fuel cells caused by the shortage of MEAs, requirements are continuously aligned to production over the course of the year, and capacity at the SFC UK site is to be organised in two shifts in the second half of the year.

Irrespective of this, the development and transfer of production processes and technologies involve numerous inherent and interdependent risk factors that may delay production or adversely affect production efficiency. SFC regularly assesses and analyses these risks in order to address them in good time in the interests of business continuity. In-house MEA production not only offers greater delivery reliability and independence from suppliers but also optimises the costs of MEAs and technological performance.

Apart from the risk situation described in the previous paragraph, there have been no significant changes in the risk situation. Other risks and opportunities of which we are currently unaware or which we currently consider to be immaterial could also affect our business activities.

At present, no risks liable to jeopardise the Group's going-concern status either individually or in combination with other risks have been identified.

Forecast

After a very strong first quarter, SFC's sales and earnings growth slowed slightly in the second quarter of 2024 despite strong market demand, as expected. As already stated when the results for the first quarter were announced, the main reason for this was a temporary shortfall in the availability of membrane electrode assemblies (MEAs) and, resulting from this, production constraints for methanol fuel cells.

Despite this fact, the Management Board expects continued growth in the second half of the year on the strength of the very good operating performance achieved in the first half of 2024.

Given stable demand and the ramp-up of MEA production in Swindon, UK, as well as the expansion of production capacities in Germany, Romania and India and, resulting from this, increased deliveries, the Management Board expects sales to continue rising in the second half of 2024 and is confident of achieving the targets for the year as a whole.

Despite the macroeconomic, geopolitical and industry-specific conditions, the Management Board assumes that the strong momentum in demand will continue. It expects inflation to slowly return to normal.

In view of the company's business performance and the current status of MEA production, the Management Board confirms its guidance for SFC Energy AG for 2024. The forecast is based on the assumption that sales will grow in both segments, MEA production quality will remain consistent and operating costs will be relatively stable.

Sales revenues

The Management Board confirms its sales forecast of 22 February 2024 in the light of the expected business performance and the current order backlog and continues to project sales growth of around 20% to 30% compared to 2023 and Group sales in a range of EUR 141,700 thousand to EUR 153,500 thousand.

Adjusted EBITDA

In view of the expectations described above, the Management Board confirms the adjusted EBITDA forecast of 22 February 2024 of a range of EUR 17,500 thousand to EUR 22,400 thousand for the current financial year.

Adjusted EBIT

In line with the results achieved in the first six months of the year and the expectations described above, the Management Board confirms the adjusted EBIT forecast of 22 February 2024 of a range of EUR 9,800 thousand to EUR 14,700 thousand.

This outlook does not factor in any burdens from legal and regulatory issues.

Report on material transactions with related parties

Transactions with related parties

Related parties within the meaning of IAS 24 (Related Party Disclosures) are legal or natural persons who are able to exert influence on SFC Energy AG and its subsidiaries or who are subject to control, joint control or significant influence by SFC Energy AG or its subsidiaries. They particularly include non-consolidated subsidiaries, joint ventures and associates recognised at cost or using the equity method, pension plans and the members of SFC Energy AG's governance bodies.

There have been no changes to the group of related parties since the consolidated financial statements as of 31 December 2023.

Related companies

As in the previous year, there were no transactions with non-consolidated subsidiaries in the reporting period.

Other disclosures on related parties

As of 30 June 2024, the members of the Management Board and of the Supervisory Board held a total of around 1.66% (31 December 2023: 1.65%) of the shares issued by SFC Energy AG.

Brunnthal, 20 August 2024

The Management Board

Dr Peter Podesser	**Daniel Saxena**	**Hans Pol**
Chairman of the Executive (CEO)	**Management Board (CFO)**	**Management Board (COO)**

CONSOLIDATED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024

Group Income Statement

FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED) — in EUR

	2024 1 Jan. - 30 June,	2023 1 Jan. - 30 June, (RETROACTIVE ADJUSTED*)
Sales revenue	70,856,449	57,053,042
Cost of goods sold and services rendered to generate sales	-41,314,097	-35,176,595
Gross profit	**29,542,352**	**21,876,447**
Selling expenses**	-8,707,936	-7,649,548
Research and development expenses	-3,383,250	-2,834,372
General administration expenses	-9,090,832	-7,548,405
Other operating income	636,166	833,879
Other operating expenses	-657,847	-915,307
Impairment losses on financial assets**	-91,610	59,453
Earnings before interest and taxes (EBIT)	**8,247,042**	**3,822,147**
Interest and similar income	748,528	313,130
Interest and similar expenses	-316,437	-338,578
Earnings before taxes	**8,679,133**	**3,796,699**
Taxes on income and earnings	-2,258,045	-469,334
Consolidated net income for the period	**6,421,088**	**3,327,365**
Attributable to the owners of SFC Energy AG	6,405,777	3,327,365
Attributable to non-controlling interests	15,311	0
Earnings per share		
undiluted	0.37	0.19
diluted	0.36	0.19

* See disclosures in the notes concerning retrospective corrections to eliminate an error
** Presentation modified: impairment losses on financial assets reported separately

Consolidated Statement of Comprehensive Income

FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED)

in EUR

	2024 1 Jan. - 30 June,	2023 1 Jan. - 30 June, (RETROACTIVE ADJUSTED*)
Consolidated net income for the period	**6,421,088**	**3,327,366**
Other comprehensive income which will be recycled to profit or loss in the future:		
Differences from the translation of foreign subsidiaries	113,721	27,111
Changes in value recognised directly in equity (Total other comprehensive income)	**113,721**	**27,111**
Total comprehensive income for the period	**6,534,809**	**3,354,477**
Attributable to the owners of SFC Energy AG	6,513,624	3,354,477
Attributable to non-controlling interests	21,185	0

* See disclosures in the notes concerning retrospective corrections to eliminate an error

There are no deferred tax effects on the changes in value recognised directly in equity.

Consolidated Statement of Financial Position

ASSETS AS OF 30 JUNE 2024 (UNAUDITED)

in EUR

	30 June 2024	31 Dec. 2023
Current assets	**131,142,930**	**121,258,735**
Inventories	23,376,903	25,043,347
Trade receivables	28,772,295	28,645,153
Assets from contracts with customers	674,873	2,013,114
Other assets and receivables	8,423,542	5,424,007
Cash and cash equivalents	69,609,697	59,847,494
Restricted cash and cash equivalents	285,620	285,620
Non-current assets	**56,042,671**	**55,140,522**
Intangible assets	20,217,715	19,819,787
Property, plant and equipment	19,380,127	16,943,596
Other assets and receivables - non-current	181,249	960,644
Deferred tax assets	16,263,580	17,416,495
Assets	**187,185,601**	**176,399,257**

Consolidated Statement of Financial Position

EQUITY AND LIABILITIES AS OF 30 JUNE 2024 (UNAUDITED)

in EUR

	30 June 2024	31 Dec. 2023
Current liabilities	**37,552,201**	**33,578,134**
Tax provisions	1,281,356	1,331,652
Other provisions	2,247,606	2,108,107
Liabilities to banks	3,989,167	3,791,132
Liabilities from advance payments	191,024	178,982
Trade payables	16,478,356	12,890,047
Lease liabilities	2,217,524	2,200,030
Liabilities from contracts with customers	401,956	1,470,035
Other liabilities and deferred income	10,745,212	9,608,149
Non-current liabilities	**13,707,844**	**14,687,907**
Other provisions	2,566,187	2,188,891
Lease liabilities	9,360,609	10,363,153
Other liabilities	1,629,472	2,015,720
Deferred tax liabilities	151,576	120,143
Equity	**135,925,556**	**128,133,216**
Non-controlling interests	**-7,824**	**-29,009**
Equity attributable to the owners of SFC Energy AG	**135,933,380**	**128,162,225**
Subscribed capital	17,363,691	17,363,691
Share premium	174,424,768	173,167,237
Other changes in equity not recognised through profit and loss	-951,584	-1,059,431
Profit/loss carried forward	-61,309,272	-82,393,765
Consolidated unappropriated surplus	6,405,777	21,084,493
Equity and liabilities	**187,185,601**	**176,399,257**

Consolidated Statement of Cash Flows

FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED) in EUR

		2024 1 Jan. - 30 June	2023 1 Jan. - 30 June
	Cash flow from operating activities		
	Earnings before tax	**8,679,133**	**3,796,700**
+	Interest result	-432,091	25,448
+	Depreciation and amortization	2,968,120	2,966,177
+/-	Expenses/income under LTI programmes	1,071,439	278,573
+	Change in valuation allowances	278,690	321,417
+/-	Losses/gains on the disposal of non-current assets	82,640	0
+/–	Other non-cash income and expenses	-45,954	-49,374
	Operating cash flow before changes in working capital	**12,601,977**	**7,338,941**
+/-	Increase / decrease in provisions	506,571	268,484
-/+	Increase / decrease in trade receivables	-199,846	-7,887,751
-/+	Increase / decrease in inventories	1,589,254	-2,249,712
-/+	Increase / decrease in other receivables and assets	-834,490	-1,144,318
+/-	Increase / decrease in trade payables	3,579,932	3,790,119
+/-	Increase / decrease in other liabilities	-118,694	-790,538
	Cash flow from operating activities before income taxes	**17,124,704**	**-674,775**
+/-	Income tax refunds/payments	-1,154,417	-846,924
	Cash flow from operating activities	**15,970,287**	**-1,521,699**

Consolidated Statement of Cash Flows

FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED) in EUR

		2024 1 Jan. - 30 June	2023* 1 Jan. - 30 June
	Cash flow from investing activities		
	Investments in intangible assets from development projects	-1,489,824	-1,466,286
-	Investments in other intangible assets	-39,297	-1,193,124
-	Investments in property, plant and equipment	-4,322,301	-1,243,030
+	Interest and similar income received	730,306	195,005
-	Proceeds from the purchase of restricted bank balances	0	99,307
	Cash flow from investing activities	**-5,121,116**	**-3,608,128**
	Cash flow from financing activities		
-	Repayment of lease liabilities	-1,060,091	-881,046
-	Interest paid and similar expenses	-310,192	-331,631
	Cash flow from financing activities	**-1,370,283**	**-1,212,677**
	Cash-effective change in cash and cash equivalents	**9,478,888**	**-6,342,504**
	Exchange rate-related and other changes in cash and cash equivalents	85,280	11,782
	Cash and cash equivalents and current account overdrafts at the beginning of the reporting period	56,056,362	60,747,980
	Cash and cash equivalents and current account overdrafts at the end of the reporting period	65,620,530	54,417,259
	Net change in cash and cash equivalents and current account liabilities	**9,478,888**	**-6,342,503**

* Presentation adjusted: cash and cash equivalents including current account liabilities

Group Segment Reporting

FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED) — in EUR

	Clean Energy		Clean Power Management		Group	
	2024	2023	2024	2023	2024	2023 (RETROACTIVE ADJUSTED*)
Sales revenue	**50,859,821**	**38,590,207**	**19,996,628**	**18,462,835**	**70,856,449**	**57,053,042**
Cost of goods sold and services rendered to generate sales revenue	-26,500,309	-21,380,138	-14,813,788	-13,796,457	-41,314,097	-35,176,595
Gross profit	**24,359,512**	**17,210,069**	**5,182,840**	**4,666,378**	**29,542,352**	**21,876,447**
Selling expenses**	-7,596,351	-6,490,778	-1,111,585	-1,158,770	-8,707,936	-7,649,548
Research and development expenses	-2,273,402	-1,917,902	-1,109,848	-916,470	-3,383,250	-2,834,372
General administration expenses	-6,974,574	-5,588,669	-2,116,258	-1,959,736	-9,090,832	-7,548,405
Other operating income	602,485	808,653	33,681	25,226	636,166	833,879
Other operating expenses	-643,376	-880,118	-14,471	-35,189	-657,847	-915,307
Change in impairment of financial assets**	-106,956	-55,955	15,346	115,408	-91,610	59,453
Operating result (EBIT)	**7,367,338**	**3,085,300**	**879,704**	**736,847**	**8,247,042**	**3,822,147**
Adjustments to EBIT	1,310,711	533,057	0	0	1,310,711	533,057
Adjusted EBIT	**8,678,049**	**3,618,357**	**879,704**	**736,847**	**9,557,753**	**4,355,204**
Amortisation and depreciation	-2,171,755	-2,328,147	-796,365	-638,030	-2,968,120	-2,966,177
EBITDA	**9,539,093**	**5,413,447**	**1,676,069**	**1,374,877**	**11,215,162**	**6,788,324**
Adjustments to EBITDA	1,310,711	533,057	0	0	1,310,711	533,057
Adjusted EBITDA	**10,849,804**	**5,946,504**	**1,676,069**	**1,374,877**	**12,525,873**	**7,321,381**
Financial result					432,091	-25,448
Earnings before taxes (EBT)					**8,679,133**	**3,796,699**
Taxes on income and earnings					-2,258,045	-469,334
Consolidated net income for the period					**6,421,088**	**3,327,365**

* See disclosures in the notes concering retrospective corrections to eliminiate an error
** Presentation modified: impairment losses on financial assets reported separately

Consolidated Statement of Changes in Equity

FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED)

in EUR

	Subscribed capital	Capital reserve	Other changes in equity not recognised through profit and loss	Consolidated net profit/loss	Attributable to the owners of SFC AG	Non-controlling interests	Group equity
Balance on 1 Jan. 2024	**17,363,691**	**173,167,237**	**-1,059,431**	**-61,309,272**	**128,162,225**	**-29,009**	**128,133,216**
Total comprehensive income for the period							
Consolidated net result for the period 1 Jan. - 30 June 2024				6,405,777	6,405,777	15,311	6,421,088
Net result for the period from currency translation recognised directly in equity			107,847		107,847	5,874	113,721
Equity-settled share-based payments		1,257,531			1,257,531	0	1,257,531
Balance on 30 June 2024	**17,363,691**	**174,424,768**	**-951,584**	**-54,903,495**	**135,933,380**	**-7,824**	**135,925,556**

FROM 1 JANUARY TO 30 JUNE 2023 (UNAUDITED)

in EUR

	Subscribed capital	Capital reserve	Other changes in equity not recognised through profit and loss	Consolidated net profit/loss	Attributable to the owners of SFC AG	Non-controlling interests	Group equity
Balance on 1 Jan. 2023	**17,363,691**	**169,215,296**	**-748,104**	**-82,393,765**	**103,437,118**	**0**	**103,437,118**
Total comprehensive income for the period							
Consolidated net result for the period 1 Jan. - 30 June 2023				3,327,366	3,327,366	0	3,327,366
Net result for the period from currency translation recognised directly in equity			27,111		27,111	0	27,111
Equity-settled share-based payments		201,004			201,004	0	201,004
Balance on 30 June 2023	**17,363,691**	**169,416,300**	**-720,993**	**-79,066,399**	**106,992,599**	**0**	**106,992,599**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General principles and scope of consolidation

Information on the company

SFC Energy AG ("Company" or "SFC AG") is a stock corporation domiciled in Germany. Its registered offices are located at Eugen-Sänger-Ring 7, 85649 Brunnthal, Germany. The company is entered in the commercial register of the Munich Local Court under HRB 144296. The main activities of the company and its subsidiaries ("SFC" or "Group") entail the development, production and marketing of products, systems and solutions for stationary and mobile off-grid energy supplies based on proton-exchange membrane (PEMFC) and direct methanol (DMFC) fuel cells for customers in the private, industrial and public sectors in various markets, the execution of the investments required for this purpose and all other related business.

The company is listed in the Prime Standard segment of the Frankfurt Stock Ex-change (WKN 756857, ISIN: DE0007568578).

Summary of significant accounting policies

The interim financial statements as of 30 June 2024 have been prepared in condensed form in accordance with the guidance provided by IAS 34 on the basis of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee as endorsed by the European Union. The abridged consolidated financial statements do not contain all the information required of the consolidated financial statements for a financial year and should be read in conjunction with the consolidated financial statements as of 31 December 2023. The disclosures contained in the notes to the consolidated financial statements for 2023 particularly apply with respect to the significant accounting policies. The interim financial statements are prepared in euros (EUR). Unless otherwise stated, the figures in these interim financial statements are rounded to full euros (EUR). It should be noted that the use of rounded figures and percentages may result in differences due to commercial rounding.

New and amended standards applied by the Group

The Group applied the following amendments to standards for the first time in the current reporting period:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback

The standards, amendments and interpretations applied for the first time in the 2024 financial year do not have any material impact on the SFC Group in the current finan-cial year.

Expected future effects of standards already issued but not yet in force

In August 2023, the IASB published amendments to IAS 21 that clarify when a currency is exchangeable into another currency and when it is not. The amendments also include guidance on how an entity is to determine the closing rate to be applied when a currency is not exchangeable. Guidance is also provided on the disclosure of additional information if a currency is not exchangeable. Subject to endorsement by the European Union, the amendments to this standard must be applied in accounting periods commencing on or after 1 January 2025. The Group does not expect these amendments to have any material impact on its business activities or the annual fi-nancial statements.

In April 2024, the IASB published IFRS 18 on presentation and disclosure in financial statements. The purpose of the standard is to improve the presentation of financial information and increase the transparency and comparability of financial statements. IFRS 18 will replace IAS 1 "Presentation of Financial Statements". Subject to en-dorsement by the European Union, IFRS 18 must be applied in accounting periods commencing on or after 1 January 2027. Early adoption is permitted but not planned by the SFC Group.

Corrections

An error in connection with the settlement of SAR liabilities has been corrected, necessitating the restatement of the corresponding figures for the previous year. As a result, an amount of EUR 113,360 was reclassified from other operating income to selling expenses in the comparison period. Further information can be found in the consolidated financial statements for 2023.

Estimation uncertainties and discretionary decisions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make certain assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the income and expenses recognised in the reporting period. However, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which these revisions are made and in all future periods affected.

In preparing these interim financial statements, management made the same dis-cretionary decisions and used the same key sources of estimation uncertainty in applying the Group's accounting policies as those applied in the preparation of the consolidated financial statements as of 31 December 2023.

Scope of consolidation

As of 30 June 2024, eight (31 December 2023: eight) companies, including the parent company SFC Energy AG, were fully consolidated.

The company's direct and indirect shareholdings in subsidiaries included in the reporting entity structure as of 30 June 2024 are shown in the following table:

FULLY CONSOLIDATED SUBSIDIARIES in %

COMPANY	SEAT	SHARE IN CAPITAL			CURRENCY
		DIRECTLY	INDIRECTLY	TOTAL	
SFC Energy B,V, („**SFC NL**")	Almelo Netherlands	100%	–	100%	EUR
SFC Energy Power SRL („**SFC RO**")	Cluj-Napoca. Romania	-	100%	100%	RON
SFC Energy Ltd, („**SFC CA**")	Calgary Canada	100%	-	100%	CAD
SFC Energy UK Ltd, („**SFC UK**")	Swindon UK	100%	-	100%	GBP
SFC Energy India Pvt, Ltd, („**SFC IN**")	Gurgaon India	92%	-	92%	INR
SFC Clean Energy SRL („**SFC RO II**")	Cluj-Napoca Romania	100%	-	100%	RON
SFC Energy LLC („**SFC USA**")	Wilmington USA	100%	-	100%	USD

As of the reporting date, there were no changes in ownership interests within the Group that would have led to a loss of control. There are no significant restrictions on the ability of the Group or its subsidiaries to gain access to and use the Group's assets or to settle the Group's liabilities.

Macroeconomic and seasonal influences on business

The economic outlook for 2024 will be largely determined by the rate at which infla-tion subsides and the resulting scope that central banks have for easing their monetary policies. Persistent inflation in the services sector particularly poses risks in this regard. Further uncertainties are arising from the further course of global geopolitical and trade conflicts, which are having a negative impact on trade and economic activity. In a recent study, the International Monetary Fund (IMF) predicts that global growth will slow from an estimated 3.3% in 2023 to 3.2% in 2024, recovering only slightly to 3.3% in 2025. The growth forecast has therefore not changed since the April 2024 World Economic Outlook (WEO) and remains relatively subdued overall.

The increase in central bank rates to combat inflation continues to place a damper on economic activity. Inflation is still declining, albeit more slowly than hoped, this being due to the services sector in particular. Even so, global inflation is expected to fall from 8.7% in 2023 to 5.9% in 2024 and 4.4% in 2025.

On a positive note, the output gap between the economies is narrowing again, as cyclical factors are easing and economic activity is approaching its potential. However, the economic outlook remains subject to considerable uncertainty due to persistent burdens and cost pressures.

Property, plant and equipment

The Group's property, plant and equipment increased in the first six months of 2024, mainly due to leasehold improvements. As of 30 June 2024, property, plant and equipment included leasehold improvements with a carrying amount of EUR 2,006,412 (previous year: EUR 917). The useful lives of the leasehold improvements are based on the terms of the leases for the underlying buildings.

Other liabilities

Other liabilities include liabilities under the stock appreciation rights programme (SAR Programme) for the Management Board members Daniel Saxena and Hans Pol as well as for selected members of the management staff. Details of this arrangement can be seen below in the section entitled "Share-based payment".

Share-based payment

The company's Management Board and Supervisory Board have agreed to give the Management Board and managers a share in the company's success. Accordingly, an agreement has been entered into between the company and the members of the Management Board and (former) managers governing the establishment of share-based remuneration programmes. The aim of these programmes is to support a business policy that is primarily aligned with the interests of the shareholders and promotes long-term growth in shareholder value.

As of 30 June 2024, SFC had three share-based payment programmes: the stock ap-preciation rights programme (SAR), the stock option programme (SOP) and the performance share programme (PSP).

Stock appreciation rights programme

The SAR programmes provide for variable remuneration in the form of virtual stock options. The SARs issued under the programme are virtual remuneration instruments that are not backed by equity. They grant entitlement to a cash payment from SFC if the performance targets are achieved and other conditions are met.

In the second quarter of 2024, the virtual option rights issued comprise the following tranches:

OVERVIEW OF SARS IN Q2/2024 in EUR

	Tranche HP3	Tranche DS1
Allocation day	**1 July 2018**	**1 July 2020**
Number of SARs	180,000	228,000
Sub-tranches	3	4
Maximum duration of the SAR programme	7.0 years	8.0 years
Reference price	Average market price of the company's shares (arithme-tic mean of XETRA closing prices) on the last 30 trading days prior to the applicable reporting date	
Expiry date of the last sub-tranche	**1 July 2021**	**1 July 2024**
Target price	EUR 16.50	EUR 22.00
Vesting period (from allocation date) in years	4.0 - 6.0	4.0 - 7.0
Exercise price	The exercise price is EUR 1.00 per virtual stock option	
Cap	n/a	EUR 1.0 million
End of the exercise period of the last sub-tranche	**1 July 2025**	**1 July 2028**

The tranches are each divided into individual sub-tranches. The number of SARs vested can change up to the expiry date depending on the reference price on this date (average market price of the company's shares on the last 30 trading days before the expiry date). Moreover, the complete loss of all SARs granted is also possible. If the reference price on the expiry date does not reach the price target specified in the term sheet, only a portion of the SARs vests. The remaining SARs expire on the applicable reporting date without any replacement or compensation (early expiry). The resulting number of SARs is deemed to have vested.

After the expiry of the applicable vesting period (see overview of SARs in Q2/2024), SARs can be exercised within a period of one year, provided that the performance targets are met and the blackout periods observed. The number of SARs that can be exercised within each sub-tranche depends on the average market price of the company's shares on the last 30 trading days before the exercise date (reference price on the exercise date) reaching or exceeding the thresholds specified in the term sheet. If the reference price does not reach at least the target price, only a portion of the SARs can be exercised under the sub-tranches. As part of the performance targets for the HP3 tranche, the average price of the company's shares in the 30 trading days prior to the expiry of the applicable vesting period must also exceed the average share price in the 30 trading days prior to the allocation date. Blackout periods comprise the ten days before the end of the quarter until the end of the first trading day after publication of the quarterly figures and ten days before the end of the financial year until the end of the first trading day after publication of the (preliminary) figures for the past financial year. When the SARs are exercised, a cash settlement equalling the amount of the reference price on the exercise date less the exercise price is made. The cash settlement under the applicable sub-tranche of tranche DS1 is capped at a maximum of EUR 1.0 million.

No further SARs were granted in Q2/2024. Some claims under tranche HP3 were exercised in the reporting period. Based on the Management Board resolution of 11 March 2024, the option was exercised to convert the existing CB1, BL1 and FT1 tranches into a stock option programme. The existing liabilities under these SARs were derecognised and remeasured within the SOPs as of the modification date.

The grant of the remaining SARs was classified and measured as cash-settled share-based payment in accordance with IFRS 2.30. The fair value of the SARs is remeasured on each reporting date using a Monte Carlo model for the relevant sub-tranche and taking into account the conditions under which the SARs were granted.

The SARs changed as follows in the reporting period:

DEVELOPMENT OF SARS Q2/2024

	Tranche HP3	Tranche DS1	Tranche CB1 / BL1 / FT1
Number of SARs	**180,000**	**228,000**	**0**[1]
Remaining period (in years)	1.0	4.0	n/a
SARs outstanding at the beginning of the 2024 reporting period (1 January 2024)	83,333	228,000	40,500
In the Q2/2024 reporting period			
SARs granted	0	0	0
SARs forfeited	0	0	0
SARs exercised	41,667	0	0
SARs expired	0	0	40,500[1]
SARs outstanding at the end of the 2024 reporting period (30 June 2024)	**41,666**	**228,000**	**0**
SARs vested at the end of the 2024 reporting period (30 June 2024)	**0**	**0**	**0**

1 The tranches were converted into a stock option programme.

The SARs performed as follows in the previous year:

DEVELOPMENT OF SARS IN 2023

	Tranche HP3	Tranche DS1	Tranche CB1 / BL1 / FT1
Number of SARs	**180,000**	**228,000**	**47,250**
Remaining period (in years)	1.5	4.5	3.0
SARs outstanding at the beginning of the 2023 reporting period (1 January 2023)	90,000	228,000	40,500
In the 2023 reporting period			
SARs granted	0	0	0
SARs forfeited	0	0	0
SARs exercised	6,667	0	0
SARs expired	0	0	0
SARs outstanding at the end of the 2023 reporting period 31 December 2023)	**83,333**	**228,000**	**40,500**
SARs vested at the end of the 2023 reporting period (31 December 2023)	**41,667**	**0**	**0**

The following parameters were applied in the valuation of the SARs as of 30 June 2024:

Q2/2024			in EUR
	Tranche HP3	Tranche DS1	Tranche CB1 / BL1 / FT1
Valuation date	30 June 2024	30 June 2024	30 June 2024
Remaining period (in years)	1.0	1.0 - 4.0	n/a
Volatility	41.0%	41.4% - 48.4%	n/a
Risk-free interest rate	3.12% - 3.63%	2.45% - 3.12%	n/a
Expected dividend yield	0.0%	0.0%	n/a
Exercise price	EUR 1.00	EUR 1.00	n/a
Price of SFC share on valuation date	EUR 19.28	EUR 19.28	n/a

The following parameters were applied in the valuation of the SARs in the previous year (31 December 2023):

2023			in EUR
	Tranche HP3	Tranche DS1	Tranche CB1 / BL1 / FT1
Valuation date	31 Dec. 2023	31 Dec. 2023	31 Dec. 2023
Remaining period (in years)	0.5 – 1.5	1.5 – 4.5	1.0 - 3.0
Volatility	40.3% - 41.7%	41.7% - 53.7%	39.2% - 48.1%
Risk-free interest rate	2.60% - 3.47%	1.88% - 2.61%	2.04% - 2.977%
Expected dividend yield	0.0%	0.0%	0.0%
Exercise price	EUR 1.00	EUR 1.00	EUR 1.00
Price of SFC share on valuation date	EUR 19.52	EUR 19.52	EUR 19.52

The period from the valuation date until the end of the exercise period of the applicable sub-tranche was used to calculate the duration (see overview of measurements for Q2/2024). The share price was derived from the XETRA closing price on 28 June 2024 via S&P's Capital IQ. Volatility was calculated as the historical volatility of the SFC share over the remaining term of the applicable sub-tranche. Previous measurements were determined on the basis of the remaining term of the applicable tranche. Expected volatility is based on the assumption that future trends can be inferred from historical volatility, meaning that actual volatility may differ from the as-sumptions made. The expected dividend yield is based on market and management estimates concerning the expected fu-ture dividend on SFC shares.

If control of the company is acquired within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act, the SARs that have not yet expired at the time the takeover bid is submitted must be paid out as a cash settlement immediately or, in the case of Management Board members, at the time of the legally effective termination of the service contract. This scenario was not included in the measurements calculated as of 30 June 2024.

As of 30 June 2024, a liability of EUR 2,500,770 (of which EUR 1,320,232 non-current) was recognised within other liabilities under the SAR programme (31 December 2023: EUR 3,578,386; of which EUR 2,574,691 non-current). The expense / income for the pro rata financial year 2024 amounts to EUR 253,542 (same period of 2023: EUR -323,848).

Conversion of the SARs results in the derecognition of the liability and the recognition of a new share premium as of the valuation date. The negative difference amounts to EUR 122,124 and is recognised as expense.

The intrinsic value of the vested SARs on the reporting date breaks down as follows:

INTRINSIC VALUE OF THE VESTED SARS AS OF 30 JUNE 2024 in EUR

Valuation date	Exercise price	Share price 30 June 2024	Number of vested SARs	Intrinsic value
HP3	EUR 1.00	EUR 19.28	41,667	EUR 761,673
DS1 [1]	EUR 1.00	EUR 19.28	228,000	EUR 4,000,000
Total				**EUR 4,761,673**

1 The cash settlement under the respective sub-tranche of tranche DS1 is capped at a maximum of EUR 1.0 million. The cap is duly taken into account in the calculation of the intrinsic value of the vested SARs.

Stock option programmes

The SOP programmes provide for variable remuneration in the form of virtual stock options. The SOPs issued under the programme are virtual remuneration instruments that are backed by equity. They grant entitlement to one nopar value ordinary bearer share in SFC if the performance targets are achieved and other conditions are met.

In the second quarter of 2024, the stock option rights issued comprise the following tranches:

OVERVIEW OF SOPS IN Q2/2024 in EUR

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA2	Tranchen CB1/ BL1/ FT1
Allocation day	**9 July 2020**	**1 March 2021**	**1 January 2021**	**5 May 2023**	**11 March 2024[1]**
Number of SOPs	**504,000**	**500,000**	**22,800**	**22,800**	**21,000**
Sub-tranches	4	4	3	3	3
Maximum duration of the SOP programme	8.0 years	7.0 years	8.0 years	7.0 years	7.0 Years
Reference price	Average market price of the company's shares (arithmetic mean of XETRA closing prices) on the last 30 trading days prior to the applicable reporting date				
Expiry date of the last sub-tranche	**9 July 2024**	**1 March 2025**	**1 January 2024**	**5 May 2026**	**1 January 2023**
Target price	EUR 19.00	EUR 51.54	EUR 32.72	EUR 44.59	EUR 19.00
Vesting period (from allocation date) in years	4.0 - 7.0	4.0 - 7.0	4.0 - 6.0	4.0 - 6.0	4.0-6.0
Exercise price	EUR 1.00	EUR 24.41	EUR 15.50	EUR 21.12	EUR 1.00
Cap	EUR 1.0 million	EUR 1.0 million	n/a	n/a	n/a
End of the exercise period of the last sub-tranche	**9 July 2028**	**1 March 2029**	**1 January 2028**	**5 May 2030**	**1 July 2027**

1 The allocation day corresponds to the modification date.

The tranches are each divided into individual sub-tranches. The number of SOPs vested can change up to the expiry date depending on the reference price on this date (average market price of the company's shares on the last 30 trading days before the expiry date). At the same time, the complete loss of all SOPs granted is possible. If the reference price on the expiry date does not reach the price target specified in the term sheet, only a portion of the SOP vests. The remaining SOPs expire on the respective reporting date without any replacement or compensation (early expiry). The resulting number of SOPs is deemed to have vested.

After the expiry of the applicable vesting period (see overview of SOPs in Q2/2024), SARs can be exercised within a period of one year, provided that the blackout periods are observed. The number of SOPs that can be exercised within each sub-tranche depends on the average market price of the company's shares on the last 30 trading days before the exercise date (reference price on the exercise date) reaching or exceeding the exercise price. If the reference price does not reach the thresholds specified in the term sheet, only part of the SOPs can be exercised under the sub-tranche in accordance with the reference price and taking into account the specified bandwidths.

In the case of the HP4 and PP3 tranches, the relevant sub-tranche of the SOP can only be exercised if the total intrinsic value does not exceed EUR 1.0 million when the sub-tranche is exercised (cap).

In the reporting period, the existing SAR programmes CB1, BL1 and FT1 were converted into SOPs. They were remeasured as of the modification date.

In the previous reporting period in 2023, further stock option programmes had been granted to managers (SA2). In accordance with IFRS 2.28, the entire expense still to be allocated to future periods of the vesting period must be recognised immediately in profit or loss. The corresponding expense was recognised retroactively in 2023.

The grant of the programmes mentioned in this section was classified and measured as cash-settled share-based payment in accordance with IFRS 2.10. The fair value of the programmes is measured a single time using a Monte Carlo model for the rele-vant sub-tranche and taking into account the conditions under which the SOPs were granted.

The SOPs changed as follows in the reporting period:

STOCK OPTIONS IN Q2/2024

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA2	Tranchen CB1/ BL1/ FT1
Number of SOPs	**504,000**	**500,000**	**22,800**	**22,800**	**21,000**
Remaining period (in years)	4.0	4.7	3.5	5.8	2.5
SOPs outstanding at the beginning of the 2024 reporting period (1 January 2024)	504,000	250,000	19,543	0	0
In the 2024 reporting period					
Stock options granted	0	0	0	22,800	21,000
Stock options forfeited	0	0	4,704	0	3,000
Stock options exercised	0	0	0	0	4,000
Stock options expired	0	0	0	0	
SOPs outstanding at the end of the reporting period (30 June 2024)	**504,000**	**250,000**	**14,839**	**22,800**	**14.000**
SOPs exercisable at the end of the reporting period (30 June 2024)	**0**	**0**	**0**	**0**	**14.000**

The stock options changed as follows in 2023:

STOCK OPTIONS IN 2023

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA1
Number of SOPs	**504,000**	**500,000**	**22,800**	**22,800**
Remaining period (in years)	4.5	5.2	4.0	6.3
SOPs outstanding at the beginning of the 2023 reporting period (1 January 2023)	504,000	375,000	19,543	0
In the 2023 reporting period				
Stock options granted	0	0	0	22,800
Stock options forfeited	0	125,000	4,704	0
Stock options exercised	0	0	0	0
Stock options expired	0	0	0	0
SOPs outstanding at the end of the reporting period (31 December 2023)	**504,000**	**250,000**	**14,839**	**22,800**
SOPs exercisable at the end of the reporting period (31 December 2023)	**0**	**0**	**0**	**0**

As of 30 June 2024, a share premium of EUR 2,684,722 was recognised in connection with the SOP programme (31 December 2023: EUR 1,757,626). The expense / income for Q2/2024 amounts to EUR 290,660 (previous year: EUR 311,928).

The following parameters were applied in the valuation as of 30 June 2024:

Q2/2024 in EUR

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA2	Tranchen CB1/ BL1/ FT1
Valuation date	**4 September 2020**	**1 March 2021**	**1 February 2021**	**5 May 2023**	**31 Mar. 2024**
Remaining period (in years)	8 years	8 years	7 years	7 years	2.8 years
Volatility	45.18%	49.49%	50.34%	52.42%	35.89%-41.28%
Risk-free interest rate	-0.54%	-0.47%	-0.69%	2.15%	2.6%-3.4%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Exercise price	EUR 1.00	EUR 24.41	EUR 15.50	EUR 21.12	EUR 1.00
Price of SFC share on valuation date	EUR 10.00	EUR 28.50	EUR 22.75	EUR 21.80	EUR 17.98

The period from the valuation date until the end of the applicable contract was used to calculate the duration. In the case of the converted CB1, BL1 and FT1 tranches, the period from the measurement date until the end of the exercise period of the applicable sub-tranche was used as the duration. The share price was derived from the XETRA closing price on the applicable measurement date via S&P's Capital IQ. Volatility was calculated as the historical volatility of the SFC share over the remaining term. Expected volatility is based on the assumption that future trends can be in-ferred from historical volatility, meaning that actual volatility may differ from the assumptions made. The expected dividend yield is based on market and management estimates concerning the amount of the expected future dividend on SFC shares on the applicable measurement dates.

If control of the company is acquired within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act, the SOPs that have not yet expired at the time the takeover bid is submitted must be paid out as a cash settlement immediately or, in the case of Management Board members, at the time of the legally effective termination of the service contract. This scenario was not included in the measurements calculated as of 30 June 2024.

Performance share programme

The PSP programme provides for variable remuneration in the form of virtual stock options. The stock options issued under the programme are equity-backed remuneration instruments. They grant entitlement to one no-par value ordinary bearer share in SFC if the performance targets are achieved and other conditions are met.

The PSPs provide for variable remuneration in the form of virtual stock options. The PSPs issued under the programme are virtual remuneration instruments that are not backed by equity. At the end of the performance period, they grant entitlement to payment in cash or SFC shares, depending on the overall level of achievement of various long-term performance targets (LTI) and the fulfilment of other conditions.

In the second quarter of 2024, the PSPs allocated comprised the following tranches:

OVERVIEW OF PSPS IN Q2/2024

	Tranche PP4	Tranche CB2	Tranche FT2/ BL2	Tranche KE1	Tranche RG1	Tranche TM1
Allocation day	**21 March 2024**	**28 June 2024**	**28 June 2024**	**28 June 2024**	**28 June 2024**	**28 June 2024**
Target amount	**999,000**	**81,575**	**83,847**	**37,956**	**40,797**	**49,409**
Initial price of the SFC share[1]	18.94	18.94	18.94	18.94	18.94	18.94
Initial number of PSPs	**52,746**	**4,307**	**4,427**	**2,004**	**2,154**	**2,614**
Performance period	1 January 2024 31 December 2027	1 January 2024 31 December 2027	1 January 2024 31 December 2027	1 January 2024 31 December 2027	1 January 2024 31 December 2027	1 January 2024 31 December 2027
Number and weighting of share price targets	1 (70%)	1 (70%)	1 (70%)	1 (70%)	1 (70%)	1 (70%)
Number and weighting of ESG targets	4 (7.5% each)	4 (7.5% each)	4 (7.5% each)	4 (7.5% each)	4 (7.5% each)	4 (7.5% each)
Percentage cap on the target amount	250%	150%	150%	150%	150%	150%
Cap (EUR)	2,497,500	122,363	125,771	56,934	61,195	74,264

1 Average market price of the company's shares (arithmetic mean of XETRA closing prices) on the last 60 trading days prior to the applicable reporting date

The expected final number of PSPs may vary according to the overall degree of achievement of the relevant performance criteria and is calculated by multiplying the initial number of PSPs by the overall target achievement level at the end of the performance period. The targets are made up of one share price-based target and four ESG targets. The share price-based target is determined on the basis of the relative performance of the SFC shareholders compared to the SDAX as a reference index. The four non-financial sustainability targets (LTI ESG targets) are weighted equally between two targets each relating to carbon reduction and the optimisation of the circular economy. The level of achievement of each target is determined at the end of the performance period for all targets. Overall target achievement for the performance period is the sum of the weighted target achievement levels for the applicable performance criteria (see PSP parameters - Q2/2024).

In this reporting period, one PSP programme was granted to the members of the Management Board (PP4) and one to senior management staff (CB2, BL2, FT2, KE1, RG1, TM1).

The grant of the programmes mentioned in this section was classified and measured as cash-settled share-based payment in accordance with IFRS 2.10. The fair value of the programmes is measured a single time using a Monte Carlo model for the relevant sub-tranche and taking into account the conditions under which the PSPs were granted.

The PSPs changed as follows in the reporting period:

OVERVIEW OF PSPS IN Q2/2024

	Tranche PP4	Tranche CB2	Tranche FT2/ BL2	Tranche KE1	Tranche RG1	Tranche TM1
Number of PSPs	**52,746**	**4,307**	**4,427**	**2,004**	**2,154**	**2,614**
Remaining period (in years)	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
PSPs outstanding at the beginning of the 2023 reporting period (1 January 2024)	0	0	0	0	0	0
In the Q2/2024 reporting period						
PSPs allocated	52,746	4,307	4,427	2,004	2,154	2,614
PSPs expired	0	0	0	0	0	0
PSPs settled	0	0	0	0	0	0
PSPs outstanding at the end of the re-porting period (30 June 2024)	**52,746**	**4,307**	**4,427**	**2,004**	**2,154**	**2,614**
PSPs exercisable at the end of the reporting period (30 June 2024)	**0**	**0**	**0**	**0**	**0**	**0**
Expected number of performance shares at the end of the reporting period (30 June 2024)	38,345	3,086	3,172	1,436	1,544	1,873

As of 30 June 2024, a share premium of EUR 330,035 was recognised in connection with the PSP programme for the first time (31 December 2023: EUR 0). The expense / income for Q2/2024 amounts to EUR 330,035 (previous year: EUR 0).

The following parameters were applied in the valuation as of 30 June 2024:

PSP PARAMETERS IN Q2/2024

	Tranche PP4	Tranche CB2	Tranche FT2/ BL2	Tranche KE1	Tranche RG1	Tranche TM1
Valuation date	21 March 2024	28 June 2024	28 June 2024	28 June 2024	28 June 2024	28 June 2024
Remaining period (in years)	0.8-3.8 years	0.5-3.5 years	0.5-3.5 years	0.5-3.5 years	0.5-3.5 years	0.5-3.5 years
Volatility of the SFC share	38.82%-60.44%	40.43%-55.63%	40.43%-55.63%	40.43%-55.63%	40.43%-55.63%	40.43%-55.63%
Volatility of the SDAX	15.33%-19.81%	14.22%-19.60%	14.22%-19.60%	14.22%-19.60%	14.22%-19.60%	14.22%-19.60%
Risk-free interest rate	2.44%-3.45%	2.44%-3.45%	2.44%-3.45%	2.44%-3.45%	2.44%-3.45%	2.44%-3.45%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Initial price of the SFC share	EUR 18.94	EUR 18.94	EUR 18.94	EUR 18.94	EUR 18.94	EUR 18.94
Initial SDAX level	12,969.15	12,969.15	12,969.15	12,969.15	12,969.15	12,969.15

Target achievement (valuation date)	Tranche PP4	Tranche CB2	Tranche FT2/ BL2	Tranche KE1	Tranche RG1	Tranche TM1
Target achievement share price-based - rTSR	94.94%	95.25%	95.25%	95.25%	95.25%	95.25%
Target achievement - ESG - carbon reduction	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Target achievement - ESG - renewable energies	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Target achievement circular economy - recycling	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Target achievement circular economy - re-use	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Overall target achievement End of performance period	**96,46%**	**96,67%**	**96,67%**	**96,67%**	**96,67%**	**96,67%**

The period from the valuation date until the end of the applicable contract was used to calculate the duration. The initial share price was derived from the XETRA closing price at the start of the commencement period via S&P's Capital IQ. Volatility was calculated as the historical volatility of the SFC share and the SDAX over the remaining term. Expected volatility is based on the assumption that future trends can be inferred from historical volatility, meaning that actual volatility may differ from the assumptions made. The expected dividend yield is based on market and management estimates concerning the amount of the expected future dividend on SFC shares on the applicable measurement dates.

If control of the company is acquired within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act, the PSPs that have not yet expired at the time the takeover bid is submitted must be paid out as a cash settlement immediately or, in the case of Management Board members, at the time of the legally effective termination of the service contract. This scenario was not included in the measurements calculated as of 30 June 2024.

Breakdown of sales revenue

Sales in the reporting period and in the comparison period break down as follows:

SALES REVENUE BY SEGMENT FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED) in EUR

	Clean Energy		Clean Power Management		Total	
	2024	2023	2024	2023	2024	2023
Regions						
North America	18,135,279	18,977,089	8,033,857	7,940,224	26,169,136	26,917,313
Europe (excluding Germany)	13,245,337	10,491,229	9,710,708	8,459,651	22,956,045	18,950,880
Germany	4,737,933	3,548,166	879,012	733,447	5,616,945	4,281,613
Asia	13,029,087	5,488,369	289,994	257,920	13,319,081	5,746,289
Rest of the World	1,712,185	85,354	1,083,058	1,071,593	2,795,243	1,156,947
Total	**50,859,821**	**38,590,207**	**19,996,627**	**18,462,835**	**70,856,449**	**57,053,042**
Timing of revenue recognition						
Recognition at a point in time	50,859,821	37,803,567	19,996,627	18,462,835	70,856,449	56,266,402
Recognition over time	0	786,640	0	0	0	786,640
Total	**50,859,821**	**38,590,207**	**19,996,627**	**18,462,835**	**70,856,449**	**57,053,042**

Cost of goods sold and services rendered to generate sales revenue

The cost of goods sold break down as follows in the reporting period:

COST OF GOODS SOLD in EUR

	2024	2023
Cost of materials	32,804,489	28,052,583
Personnel expenses	4,035,746	3,347,415
Cost of premises	534,603	241,504
Transport costs	873,541	843,369
Amortisation of capitalised development expenditure	955,696	944,967
Other depreciation/amortisation	824,352	737,264
Warranties	620,990	567,063
Consulting	120,836	35,701
Other	543,844	406,729
Total	**41,314,097**	**35,176,594**

Selling expenses

Selling expenses break down as follows in the reporting period:

SELLING EXPENSES in EUR

	2024	2023* (retroactively adjusted**)
Personnel expenses	5,762,111	5,053,886
Amortisation and depreciation	260,434	221,873
Advertising and travel expenses	1,321,456	1,233,497
Consulting/commission	498,868	412,916
Cost of materials	14,220	135,503
Vehicle costs	202,728	153,421
Other	648,119	438,452
Total	**8,707,936**	**7,649,548**

* See disclosures in the notes concerning retrospective corrections to eliminate an error
** Presentation modified: impairment losses on financial assets reported separately

Research and development expenses

Research and development expenses break down as follows in the reporting period:

RESEARCH AND DEVELOPMENT EXPENSES in EUR

	2024	2023
Personnel expenses	2,621,794	2,230,222
Consulting and patents	24,239	40,070
Cost of premises	112,695	56,130
Cost of materials	1,606,847	1,185,537
Other depreciation and amortisation	374,855	244,954
Impairment losses/amortisation of internally generated intangible assets	0	508,030
Capitalisation of internally generated intangible assets	-1,489,824	-1,466,286
Netting with grants received	-383,159	-199,351
Other	515,805	235,066
Total	**3,383,250**	**2,834,372**

General administration expenses

General administration expenses break down as follows in the reporting period:

GENERAL ADMINISTRATION EXPENSES in EUR

	2024	2023
Personnel expenses	4,109,098	3,038,321
Auditing and consulting fees	1,946,421	1,852,071
Insurance	210,527	154,371
Amortisation and depreciation	552,784	309,089
Recruitment costs	118,645	252,958
Vehicle costs	129,699	146,795
Travel expenses	632,673	165,510
Remuneration of the Supervisory Board	103,750	103,750
Maintenance costs for hardware and software	553,601	336,509
Other	733,634	1,189,032
Total	**9,090,832**	**7,548,405**

Other operating income and expenses

Other operating income totalled EUR 636,166 in the reporting period (previous year: EUR 833,879*) and mainly includes income from exchange rate differences of EUR 460,292 (previous year: EUR 734,229).

Other operating expenses came to EUR 657,847 in the reporting period (previous year: EUR 915,307). In addition to expenses from exchange rate differences totalling EUR 157,847 (previous year: EUR 915,307), they include the addition of EUR 500,000 (previous year: EUR 0) to provisions for potential liabilities towards a business partner in connection with delays in the production start-up of a subsidiary.

Income taxes

As with the consolidated financial statements as of 31 December 2023, deferred tax assets on unused tax losses in the SFC Group are recognised in an amount equalling the future taxable income that is assumed to be sufficiently certain.

Segment report

For the purposes of Group segment reporting in accordance with IFRS 8 "Operating Segments", the segments are defined in accordance with internal reporting to the Management Board and the Supervisory Board used as the basis for corporate planning and resource mapping.

The accounting methods of the reportable segments correspond to the Group accounting methods.

* See disclosures in the notes concerning retrospective corrections to eliminate an error

The Management Board uses sales, gross profit, EBITDA adjusted (adjusted earnings before interest, taxes, depreciation and amortisation) and EBIT adjusted (earnings before interest and taxes adjusted for special items) as key performance indicators for measuring the operating performance of the two segments Clean Energy and Clean Power Management and for managing the Group.

Sales revenue, gross profit, EBITDA and the reconciliation of EBITDA with operating earnings (EBIT) as presented in the consolidated income statement are as follows for the reporting period:

GROUP SEGMENT REPORTING FROM 1 JANUARY TO 30 JUNE 2024 (UNAUDITED) in EUR

	Clean Energy		Clean Power Management		Group	
	2024	2023	2024	2023	2024	2023 (RETROACTIVE ADJUSTED*)
Sales revenue	**50,859,821**	**38,590,207**	**19,996,628**	**18,462,835**	**70,856,449**	**57,053,042**
Cost of goods sold and services rendered to generate sales revenue	-26,500,309	-21,380,138	-14,813,788	-13,796,457	-41,314,097	-35,176,595
Gross profit	**24,359,512**	**17,210,069**	**5,182,840**	**4,666,378**	**29,542,352**	**21,876,447**
Selling expenses**	-7,596,351	-6,490,778	-1,111,585	-1,158,770	-8,707,936	-7,649,548
Research and development expenses	-2,273,402	-1,917,902	-1,109,848	-916,470	-3,383,250	-2,834,372
General administration expenses	-6,974,574	-5,588,669	-2,116,258	-1,959,736	-9,090,832	-7,548,405
Other operating income	602,485	808,653	33,681	25,226	636,166	833,879
Other operating expenses	-643,376	-880,118	-14,471	-35,189	-657,847	-915,307
Change in impairment of financial assets**	-106,956	-55,955	15,346	115,408	-91,610	59,453
Operating result (EBIT)	**7,367,338**	**3,085,300**	**879,704**	**736,847**	**8,247,042**	**3,822,147**
Adjustments to EBIT	1,310,711	533,057	0	0	1,310,711	533,057
Adjusted EBIT	**8,678,049**	**3,618,357**	**879,704**	**736,847**	**9,557,753**	**4,355,204**
Amortisation and depreciation	-2,171,755	-2,328,147	-796,365	-638,030	-2,968,120	-2,966,177
EBITDA	**9,539,093**	**5,413,447**	**1,676,069**	**1,374,877**	**11,215,162**	**6,788,324**
Adjustments to EBITDA	1,310,711	533,057	0	0	1,310,711	533,057
Adjusted EBITDA	**10,849,804**	**5,946,504**	**1,676,069**	**1,374,877**	**12,525,873**	**7,321,381**
Financial result					432,091	-25,448
Earnings before taxes (EBT)					**8,679,133**	**3,796,699**
Taxes on income and earnings					-2,258,045	-469,334
Consolidated net income for the period					**6,421,088**	**3,327,365**

* See disclosures in the notes concering retrospective corrections to eliminiate an error
** Presentation modified: impairment losses on financial assets reported separately

The Clean Energy segment comprises the broad range of products, systems and solutions for stationary and mobile off-grid energy supplies based on proton-exchange membrane (PEMFC) and direct methanol (DMFC) fuel cells for customers from the private, industrial and public sector operating in different markets.

The Clean Power Management segment pools all of the Group's business in standardised and semi-standardised power management solutions such as voltage converters and coils, which are used in devices for the high-tech industry. It also includes business in frequency converters for the upstream oil and gas industry.

Other disclosures on financial instruments

The carrying amounts of the financial assets and financial liabilities recognised at amortised cost are listed below:

CARRYING AMOUNTS ACCORDING TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION in EUR

	30 June 2024	31 Dec. 2023
Financial assets **Assets measured at amortised cost**		
Trade receivables	28,772,295	28,645,153
Other assets and receivables – current	171,556	337,218
Cash and cash equivalents	69,609,697	59,847,494
Restricted cash and cash equivalents	285,620	285,620
Financial liabilities **Liabilities measured at amortised cost**		
Liabilities to banks	3,989,167	3,791,132
Trade payables	16,478,356	12,890,047
Lease liabilities	11,578,133	12,563,183
Other liabilities – current	373,157	263,900

The carrying amounts of the financial assets and financial liabilities recognised at amortised cost largely match their fair values, particularly due to their current nature. For this reason, they are not allocated to separate levels in accordance with IFRS 7.29(a). In accordance with IFRS 7.29(d), the fair value of lease liabilities is not disclosed.

Employees

The number of the permanent employees breaks down as follows on the reporting date:

EMPLOYEES

	30 June 2024	30 June 2023
Full-time employees	382	314
Part-time employees	39	49
Total	**421**	**363**

In addition, a total of 14 (previous year: 15) interns, undergraduates and working students were employed at the end of June 2024.

Earnings per share

Basic earnings per share are calculated by dividing the consolidated net result attributable to the sharehol-ders of the parent company by the average number of shares outstanding. As of 30 June 2024, there were 17,363,691 shares (30 June 2023: 17,363,691 shares) outstanding. Basic earnings per share came to EUR 0.37 in the reporting period (previous year: EUR 0.19).

Diluted earnings per share are calculated on the basis of the earnings attributable to the ordinary sharehol-ders and a weighted average of the ordinary shares outstanding after adjustments for all dilutive effects of potential ordinary shares. Diluted earnings per share for the reporting period totalled EUR 0.36 (previous year: EUR 0.19).

Material events after the reporting date

There were no events of particular significance liable to have a significant impact on the Group's net assets, financial position and results of operations as of the date on which this interim quarterly statement was pre-pared.

Brunnthal, 20 August 2024

The Management Board

Dr Peter Podesser
Chairman of the Executive (CEO)

Daniel Saxena
Management Board (CFO)

Hans Pol
Management Board (COO)

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the Interim Consolidated Financial Statements give a true and fair view of the asset, financial and earnings positions of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Brunnthal, 20 August 2024

The Management Board

Dr Peter Podesser **Chairman of the Executive (CEO)**	**Daniel Saxena** **Management Board (CFO)**	**Hans Pol** **Management Board (COO)**

FINANCIAL CALENDAR 2024

AUGUST 21, 2024	HAMBURGER INVESTORS DAY, HIT
SEPTEMBER 19, 2024	BERENBERG AND GOLDMAN SACHS CONFERENCE, MUNICH
SEPTEMBER 26, 2024	CAPITAL MARKETS DAY, BRUNNTHAL
NOVEMBER 19, 2024	Q3 QUARTERLY RELEASE 2024
NOVEMBER 25 – 27, 2024	GERMAN EQUITY FORUM, FRANKFURT (MAIN)

SHARE INFORMATION

Bloomberg symbol	F3C
Reuters symbol	F3CG
Securities identification number	756857
ISIN	DE0007568578
Number of shares outstanding (30 June 2024)	17,363,691
Class of shares	No-par value shares
Stock-market segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated sponsor	mwb fairtrade Wertpapierhandelsbank AG

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Statements about the future
This annaul report contains statements and information about the future. Such passages contain such word as "expect", "intend", "plan", "believe", "aim", "estimate", etc. Such statements about the future are based on current expectations and certain assumptions. They therefore also contain a number of risks and uncertainties. A multitude of factors, many of which are beyond the control of SFC, affect our business, our success, and our results. These factors can lead the Group's actual results, success, and performance to deviate from the results, success, and performance in the statements made explicitly or implicitly about the future. SFC assumes no obligation to update any forward looking statements. This is a translation of the German "Halbjahresfinanzbericht 1. Januar bis 30. Juni 2024 der SFC Energy AG". Sole authorative and universally valid version is the German language document.